

FUNDING AND SETTLEMENT AGREEMENT

This Funding and Settlement Agreement (hereinafter referred to as either the “Settlement Agreement” or as the “Agreement”) is made and entered into as of November 14, 2000 between and among Paula T. Rogers, New Hampshire Insurance Commissioner, in her capacity as Liquidator of Tufts Health Plan of New England, Inc. (“TNE”) (hereinafter Commissioner Rogers is referred to as the “Liquidator”), and Tufts Associated Health Plans, Inc., (“TAHP”) Tufts Associated Health Maintenance Organization, Inc. (“TAHMO”), TAHMO Holdings, Inc., Tufts Benefit Administrators, Inc. (“TBA”) and Total Health Plan, Inc. (collectively, the foregoing are referred to as “THP”).

RECITALS:

WHEREAS, the Liquidator was appointed by an Order of Liquidation dated January 3, 2000 of the Merrimack County, New Hampshire, Superior Court in an action entitled In the Matter of Tufts Health Plan of New England, Inc., Docket No. 99-E-1410 (the action shall hereinafter be called the “Liquidation Proceeding” and the Court shall be called the “Liquidation Court”);

WHEREAS, the Liquidator also commenced a civil proceeding in the Merrimack County Superior Court entitled Paula T. Rogers, as Liquidator v. Tufts Health Plan of New England, Inc., Tufts Associated Health Plan, Inc., Tufts Associated Health Maintenance Organization, Inc., and others, Docket No. 00-C-170, on behalf of creditors, policyholders and others, including without limitation Bath Iron Works Corporation (“the Liquidator’s Action”), asserting claims against Tufts Associated Health Plan, Inc., Tufts Associated Health Maintenance Organization, Inc., other related and affiliated companies and certain named individuals, as more fully set out in the Liquidator’s Action;

WHEREAS, Bath Iron Works Corporation (“BIW”) commenced an action in the United States District Court for the District of Maine entitled Bath Iron Works Corporation v. Tufts Health Plan of New England, Inc., Tufts Associated Health Plan, Inc., Tufts Associated Health Maintenance Organization, Inc., and others, Civil Action No. CV-99-365-P-H (“the Lawsuit”), seeking monetary damages and alleging various claims against TNE and its parent and affiliated companies arising from TNE’s decision to cease doing business in the State of Maine, including claims for breach of contract, fraud and negligent misrepresentation, alleged antitrust violations, and alter ego theories of liability or recovery over the parent and affiliated companies;

WHEREAS, by Order of Dismissal entered April 18, 2000, by the United States District Court for the District of Maine, the Lawsuit was dismissed, without prejudice, and BIW has not appealed the April 18, 2000 Order of Dismissal;

WHEREAS, BIW has filed Proofs of Claim (as defined herein) in the Liquidation Proceeding totaling in excess of \$21,400,000, which include claims for certain costs BIW alleges it incurred to obtain replacement insurance coverage after the termination of TNE’s insurance policies and related agreements;

WHEREAS, THP has filed Proofs of Claim for amounts due to its various affiliates and contends that its affiliates are entitled to a distribution from the TNE estate as both Class One and as Class Five¹ creditors;

WHEREAS, the parties to the Liquidator's Action have determined that it will be in their best interests to resolve the Liquidator's Action, with prejudice, as well as any and all other claims which any of them might assert in the Liquidator's Action, the Liquidation Proceeding or otherwise (including any statutory based claims which might exist under the Insurers Rehabilitation and Liquidation Act found at Chapter 402-C of the New Hampshire Statutes), as more fully provided for in this Settlement Agreement and as provided for in the Settlement Agreement between the Liquidator and BIW;

WHEREAS, the Liquidator and BIW have agreed to settle: (1) any and all claims of BIW against the estate of TNE, and against TNE's parent and its affiliated companies, as brought in the Lawsuit and which could have been brought in the Lawsuit, with prejudice; (2) any and all claims of BIW against the estate of TNE, the Liquidator and her agents in the Liquidation Proceeding, with prejudice; (3) any and all claims made by or on behalf of BIW in the Liquidator's Action; and (4) any claims which BIW might have asserted against any present or former officers or directors of TNE or any of its affiliates, with prejudice, in accordance with the terms and conditions of the Settlement Agreement and Releases annexed hereto as **Exhibit A** and the terms and conditions of this Agreement;

WHEREAS, rather than engaging in protracted and costly litigation over the issues raised by the Rehabilitation and Liquidation of TNE, including the Liquidator's Action and the Lawsuit, the Liquidator and THP have agreed to comprehensively settle: (1) the Lawsuit and any and all claims of BIW against the estate of TNE, and against THP and all affiliates and related individuals as brought in the Lawsuit and which could have been brought in the Lawsuit, with prejudice; (2) any and all claims of BIW against the estate of TNE, the Liquidator and her agents in the Liquidation Proceeding, with prejudice; (3) the Liquidator's Action and any and all claims which were brought or which could have been brought against TNE or THP or any of the defendants in the Liquidator's Action or the Liquidation Proceeding, with prejudice, in accordance with the terms and conditions of this Agreement; and (4) any and all claims which THP has or could have asserted in the Liquidation Proceeding or otherwise against the estate of TNE, and which THP has asserted or could have asserted in the Liquidator's Action, with prejudice, in accordance with the terms of the Settlement Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth, described and incorporated by reference herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

¹ Terms not otherwise defined in this Agreement shall have the meaning ascribed to them in the Plan of Liquidation.

Section 1 – Additional Definitions

- 1.1. “Administration Costs” means the Allowed Claims for costs and expenses incurred as a result of the Rehabilitation and Liquidation of TNE and allowable under New Hampshire R.S.A. 402-C:44 (I).
- 1.2. “Administrative Services Agreement” or “ASA” means that certain agreement entered into by and among the Liquidator, TAHMO TAHP, TBA and Total Health Plan, Inc., dated as of December 20, 1999, providing for the rendering of administrative services on behalf of the estate of TNE in Liquidation.
- 1.3. “Allowed Claim” shall mean a Claim against TNE (a) which is recommended for payment by the Liquidator, and as to which no further approval in the Liquidation Proceeding is required prior to payment of the Claim, or (b) the nature, amount, enforceability and validity of which is determined or resolved pursuant to either (i) an agreement in accordance with applicable law between the Liquidator and the holder of such Claim and as to which no party in interest has interposed a timely objection, or (ii) the entry of a judgment, order or decree of the Liquidation Court which has become a Final Order.
- 1.4. “Amended Claim” shall have the meaning set forth in Section 3.3(A) hereof.
- 1.5. “Ancillary Receiver” means Marilyn Shannon McConaghy, Director of the Department of Business Regulation of the State of Rhode Island, as Successor Ancillary Receiver in the Ancillary Liquidation Proceeding against TNE pending in the Superior Court of Providence County, Rhode Island (M.P. No. 99-6627), and her successors, if any.
- 1.6. “Approval Order” means the order entered by the Liquidation Court approving this Agreement and the related Plan.
- 1.7. “Claim” means any assertion of a right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; and any right to an equitable remedy for breach of performance, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.
- 1.8. “Classes One through Five” means all Allowed Claims against TNE having the priority of distribution of the assets of the TNE’s estate, as set forth in New Hampshire R.S.A. 402-C:44-I-V, as amended. A Class Five Claim shall therefore mean a claim entitled to the priority set forth in R.S.A. 402-C:44, V.
- 1.9. “Conclusion of Services” means a date to be mutually agreed upon by the Liquidator and THP as the date on which substantially all Claims against TNE or its estate have been allowed or disallowed, and on which payment of all Allowed Claims has either been made or adequately reserved for, and the Proof of Claim

process shall have been materially resolved and completed, and on which it is reasonable to conclude THP's rendering of administrative services.

- 1.10. "Deposit" means the amount of \$3,500,000 to be deposited with a financial institution domiciled and located in the State of New Hampshire and acceptable to THP and the Liquidator, as provided for in Section 2.1 hereto.
- 1.11. "Effective Date" means the date on which the Approval Order becomes a Final Order.
- 1.12. "Final Order" means an order, judgment or decree of the Liquidation Court (or such other court of competent jurisdiction as to which the Liquidation Court has specifically permitted to proceed to enter such order) as to which any appeal that has been or may be taken has been finally resolved and as to which the time for further appeal has expired.
- 1.13. "Liquidation Order" means the Order issued by the Liquidation Court dated January 3, 2000 in the matter entitled In the Matter of Tufts Health Plan of New England, Inc., Docket No. 99-E-410, directing that TNE be placed in Liquidation pursuant to the provisions of New Hampshire R.S.A. 402-C.
- 1.14. "Marshaled Assets" includes all cash, securities, real property, personal property (whether tangible or intangible), claims, choses in action, and any other asset of TNE, now existing or hereafter arising.
- 1.15. "Plan" means the Plan of Liquidation approved by a Final Order entered by the Liquidation Court;
- 1.16. "Proof of Claim" and "Proof of Claim Process" mean, respectively, the form of claim or claims filed by members, creditors and others purporting to have claims against and from the estate of TNE pursuant to New Hampshire R.S.A. 402-C:37-38, and the process and procedure by which such Proofs of Claim are received, reviewed, considered, adjudicated, disputed, resolved and approved, consistent with this Agreement and the Plan.
- 1.17. "Rehabilitation Order" means the Order issued by the Merrimack County Superior Court dated November 22, 1999 in the matter entitled In the Matter of Tufts Health Plan of New England, Inc., Docket No. 99-E-410, directing that TNE be placed in Rehabilitation pursuant to the provisions of New Hampshire R.S.A. 402-C.
- 1.18. "Rhode Island Special Deposits" means certain cash deposits made by TNE or THP, as the case may be, in connection with TNE's operations in the State of Rhode Island, in the original amounts of \$1,280,000, \$150,000 and \$100,000, held in a special, restricted account in the State of Rhode Island by the Ancillary Receiver.

- 1.19 “THP Allowed Claims” means the Class One Claims of the THP affiliates allowed in the amount of \$4,183,358 (plus the amount to be accrued from June 30, 2000 through the Conclusion of Services under the Administrative Services Agreement, including the amount accrued for services rendered in the Proof of Claim process) and the Class Five Claims of the THP affiliates allowed in the amount of \$6,440,972.

Section 2 – THP’s Obligations

- 2.1. **THP’s Purchase of TICO and Subordination of Claims.** THP agrees that:

- (A) any and all distributions owing pursuant to the THP Allowed Claims, or resulting from the provision of services otherwise entitled to treatment as an Administration Cost claim, shall be subordinated to all Allowed Claims of creditors other than THP in Classes One through Class Five, to the extent necessary to allow for full payment of all such Allowed Claims, without interest thereon. The Liquidator and THP believe that the subordination of the THP Allowed Claims as set forth herein, the Deposit, and the performance by THP under this Agreement (including the guaranty provided for herein) will enable the Liquidator to pay all Allowed Claims in Classes One through Five in full, pursuant to the terms of this Agreement and the Plan.
- (B) upon delivery and transfer of title to TAHMO Holdings Inc. of all of the outstanding stock of Tufts Insurance Company, a TNE subsidiary (“TICO”) (thereby also transferring control of the assets and accounts of TICO, including its existing and valid insurance license), THP shall, in exchange therefor, pay to the Liquidator, in cash or immediately available funds, an amount equal to the then present amount of funds held in all existing TICO accounts (including Fleet Bank-Boston No. 4485-0672 and Salomon Smith Barney-Manchester No. 495-41282-13-006), including all interest and appreciation accrued on the accounts through the date of such transfer. Such delivery and transfer shall occur within five business days of the Approval Order becoming a Final Order. The Liquidator makes no representations or warranties with respect to the stock in TICO, other than that she is transferring and delivering one hundred percent of TNE’s interest in such stock. As provided in the Approval Order, and to the fullest extent allowed by law, such transfer shall be free and clear of all Claims of TNE creditors, and the creditors of TNE shall be barred from asserting any such Claims against TICO. The Liquidator, in her capacity as the Commissioner of Insurance, shall upon receipt of a properly documented request, cooperate in and act favorably upon the transfer of TICO’s domicile from New Hampshire to Massachusetts as a licensed insurance company by providing all necessary approvals or authorizations which reasonably may be required by the Commonwealth of Massachusetts.
- (C) within five business days of the Approval Order becoming a Final Order and THP’s receipt of the BIW release in favor of THP, TAHMO shall make the Deposit. The Deposit shall be in an interest bearing account in the name of

TAHMO for the benefit of the Liquidator on behalf of the holders of Claims against TNE, and shall be invested in a dollar value money market fund available through the custodian. Interest accruing on the Deposit, in the absence of any material default by THP under this Agreement, shall be payable to THP on a quarterly basis. In the event that the cash on hand in the estate of TNE falls or, based on the projected payment of Allowed Claims shall fall below Two Million Dollars (\$2,000,000), and if TAHMO does not provide sufficient funds to the TNE estate under its guaranty to bring the cash on hand in the estate to an amount in excess of \$2,000,000 within five business days of delivery of written notice to TAHMO from the Liquidator, the Deposit may be drawn upon by the Liquidator to pay Allowed Claims (including Administration Costs) of the TNE estate, to the extent necessary to restore the estate's cash on hand to the required \$2,000,000 level. Each such written notice shall also serve as notice of the Liquidator's intention to draw upon the Deposit, so as to allow TAHMO time either to transfer additional funds to the TNE estate to maintain the required \$2,000,000 level of cash on hand or to advise the Liquidator to draw upon the Deposit. In the event that the Liquidator shall draw upon the Deposit upon TAHMO's option as set forth herein, such draw shall not constitute an event of default under this Agreement. Upon the earlier of eighteen months from the funding of the Deposit or the entry of a Final Order closing the Liquidation Proceeding, and in the absence of a material default by THP under this Agreement or the Plan, the Deposit (including all interest then accrued and unpaid) shall be delivered to TAHMO on behalf of THP. In the event that the Liquidation Court has determined that a material default has occurred, then, in such instance, the Deposit shall remain in place pending further order of the Liquidation Court.

- 2.2 **THP's Guaranty and Funding Commitment.** THP unconditionally and irrevocably agrees to guarantee the payment in full of all Allowed Claims in Classes One through Five, without interest thereon. Pursuant to the Approval Order, the Liquidator shall pay Allowed Claims from general funds of TNE's estate until the amount of cash and cash equivalents in the estate falls or, based on the projected payment of Allowed Claims shall first fall below Two Million Dollars (\$2,000,000) upon which event THP shall, on a weekly basis and within five business days of the Liquidator's request, contribute and transfer to the TNE estate (from either the Deposit or other funds) such funds as the Liquidator shall have advised THP are necessary for the TNE estate to meet its obligations under the Plan and to maintain cash or cash equivalents in the TNE estate at a minimum value of (\$2,000,000). Upon the entry of a Final Order closing the Liquidation Proceeding and upon payment of all Allowed Claims and other liabilities of TNE's estate, all funds and assets remaining in the TNE estate and not previously distributed pursuant to the Plan shall be delivered to TAHMO Holdings, Inc. on behalf of THP, for it to equitably distribute to THP and its affiliates in respect to payment of the THP Allowed Claims. All transfers of funds under the terms of this Agreement shall be by wire transfer, except as might otherwise be agreed by the recipient of any such transfer at the time the request for transfer is made.

- 2.3 **Release of Claims to Rhode Island Special Deposits.** THP agrees to and does hereby unconditionally and irrevocably release any and all claims it may have to the Rhode Island Special Deposits and agrees to execute any and all documentation necessary or required by the Ancillary Receiver or the Rhode Island courts or regulatory authorities to release such funds to the Liquidator. The proceeds of the Rhode Island Special Deposits shall be used first to satisfy Allowed Special Deposit Claims and the Administration Costs associated therewith, and thereafter to satisfy the general obligations of the TNE estate, in accordance with the Plan of Liquidation.
- 2.4 **Administrative Services/Productivity Standards/Retention.**
- (A) THP and the Liquidator shall continue the ASA under which THP shall, in addition to continuing to provide support and services under the ASA, provide Proof of Claim-related services in accordance with the Proof of Claim flow chart and narrative summary attached hereto as **Exhibit B**, consistent with the “productivity standards and criteria” described in Section 2.4(B) and **Exhibit C** hereto, as may be modified from time to time by mutual agreement between the Liquidator and THP. In accordance with the provisions of Section 2.1 above, THP shall continue to accrue a Class One Claim against the TNE estate for these ongoing administrative services at the rates established for such services pursuant to the Administrative Service Agreement, but shall subordinate payment of its claims (including the accruing Class One Claim) as provided in this Agreement. The parties acknowledge that the flow chart and narrative summary set forth in Exhibit B are not exclusive, and do not prohibit the Liquidator from continuing to review, evaluate and adjudicate Claims not otherwise disposed of by the Pre-NOD Notice procedure in accordance with her statutory responsibilities, discretion and authority. The Liquidator may dispute, compromise, allow, disallow and otherwise adjudicate Claims (including Claims not otherwise resolved by the pre-NOD Notice procedure set forth in Section 3.3(C) herein) in such manner as she shall deem appropriate, consistent with the provisions of RSA 402-C and other applicable law.
- (B) THP and the Liquidator’s agent, the Pace Group (the “Agent”) shall strive to maintain the “productivity standards and criteria” as set forth in **Exhibit C** hereto. The parties acknowledge that the criteria contained in **Exhibit C** are illustrative only and will need to be adjusted by the Agent and THP as the Liquidator proceeds with the administration of the TNE estate.
- 2.5 **Resolution of Disputes.** The Liquidator agrees to make herself personally available to a designated senior executive of TAHMO to attempt to resolve disputes relating to the Liquidation Proceeding, including but not limited to the parties’ obligations hereunder, the administration of and resolution of the Proof of Claim Process and the amount of Administrative Costs incurred in the course of the Liquidation Proceeding if not otherwise resolved in discussions between THP and the Agent. Absent agreement, the parties may seek recourse in respect

to any such dispute by motion in or request to the Liquidation Court and by appeal to such other court to which an appeal from the Liquidation Court lies.

- 2.6 **Documents.** THP acknowledges that THP and its affiliate companies are the repository of substantial and numerous business documents relating to TNE and the accounts of TNE. THP agrees that it shall store all data relating to TNE claims and business operations, without limitation, in its possession in the same manner as it stores data and records of its own, which manner of storage and retention shall be consistent with New Hampshire and Federal law and regulations, and shall further so store all books, documents, records and other data belonging to TNE currently in THP's possession, custody or control until directed otherwise by the Liquidator, her agents or the Liquidation Court. THP shall provide the Liquidator and her agents with all documents, information and data in its possession, custody or control necessary for the adjudication of Proofs of Claim, the administration and wind up of the TNE estate, and as otherwise as required by law. The records in the exclusive control of the Liquidator shall be maintained for such period as required by applicable law and subsequently, upon approval of the Liquidation Court, retained or disposed of in accordance with NH RSA 402-C:50.

Section 3 – Obligations of Liquidator of TNE

- 3.1. **Appointment of TAHMO.** Working with her agents, the Liquidator shall continue to use TAHMO as a provider of necessary administrative services in connection with the administration of TNE's estate, including the Proof of Claim Process, and as contemplated by this Agreement.
- 3.2. **Marshaled Assets.** The Liquidator shall continue to marshal the assets of the estate of TNE in accordance with her statutory duties set forth in New Hampshire R.S.A. 402-C. THP shall transfer and deliver to the Liquidator all Marshaled Assets and their proceeds that it may receive during the course of the Liquidation Proceeding, upon such receipt.
- 3.3. **Proof of Claim Process.**
- (A) **Amendment of Original Proof of Claim.** The parties acknowledge that persons who have filed Proofs of Claim (e.g., "Claimants") may amend their Proofs of Claims, subject to the limitations set forth in RSA 402-C:37. An "Amended Claim" shall be a Proof of Claim that is modified or supplemented after the Proof of Claim bar date of July 10, 2000. The Liquidator may treat an Amended Claim as an Allowed Claim provided that the amendments to the Proof of Claim, if otherwise allowable: (i) are based upon the same theory of recovery as set forth in the timely-filed Proof of Claim; and/or (ii) consist of quantifying an amount previously identified in a Proof of Claim as "unknown" or provide further information in support of a timely-filed Proof of Claim.

- (B) **Late Filed Claims.** Claims that do not constitute Amended Claims and are filed after the July 10, 2000 bar date shall be deemed Late Filed Claims and denied participation in Classes One through Five if the claimant cannot demonstrate good cause for not filing the Proof of Claim on or before the July 10, 2000 bar date, in accordance with New Hampshire R.S.A. 402-C:37 (II). The Liquidator acknowledges that Late Filed Claims for which good cause cannot be shown may otherwise prejudice the orderly administration of the liquidation of TNE's estate. In the event good cause is not shown, the Liquidator shall recommend that such Late Filed Claims, to the extent otherwise allowable, be treated in accordance with New Hampshire R.S.A. 402-C:37 (III) and 44(VIII). In order to avoid prejudice to the orderly liquidation and administration of TNE's estate, the Approval Order shall also provide that any Claim first filed more than thirty days after the Effective Date shall be time barred.
- (C) **Pre-Notice of Determination Compromises.** Pursuant to the authority granted her under RSA 402-C:45, the Liquidator shall, with the assistance of the Liquidator's agents (the "Agent") and THP, use, where practical, the Statement of Account ("SOA") or other statement developed from the books and records of TNE (net of setoffs), for the preparation of a pre-NOD Notice, Option and Waiver (the "Pre-NOD Notice") as described in **Exhibit B**. The Liquidator shall, as part of the approval of this Agreement and the Plan, obtain approval for use of the Pre-NOD Notice.
- (D) **Notices of Determination.** All Proofs of Claim not otherwise resolved by the Pre-NOD Notice process shall be further reviewed by the Agent in accordance with **Exhibit B** hereto. The Agent will further review the amount requested by the Claimant on the Proof of Claim by comparing the documentation received in support of the Proof of Claim with TNE books and records, evaluating the Claim in accordance with the applicable governing contractual agreement between TNE and the respective Claimant, applied as consistently as possible with TNE's previously documented claims processing procedures and practices, and applying contractual and other available defenses to the amount of the Claim. Upon completion of the Agent's review and analysis, and subject to the provisions of Section 3.3(c) above, the Liquidator will send the Claimant a Notice of Determination ("NOD"), which shall set forth the amount of the Claim that the Liquidator recommends be approved as an Allowed Claim ("the NOD Amount"). The NOD shall be in a form required and permitted by New Hampshire R.S.A. 402-C, and will permit the claimant to: (i) dispute the NOD Amount, as permitted by and in accordance with the provisions of R.S.A. 402-C; or (ii) request the immediate issuance of a check in the NOD Amount by, inter alia, executing an agreement annexed to the NOD waiving any and all right to dispute the NOD Amount, in which event the Claim shall become an Allowed Claim in the NOD Amount.
- (E) **Appeal of Disputed Claims.** In the event that the Claimant disputes the NOD Amount, the disputed Claim shall be resolved in accordance with New Hampshire R.S.A. 402-C:41(II). In the event that THP disputes the NOD Amount, the

Liquidator acknowledges that THP has standing to object to the NOD Amount in the Liquidation Court.

- (F) **THP Allowed Claims.** The form of order approving this Settlement Agreement and the Plan shall specifically provide for allowance of the THP Allowed Claims on the subordinated basis as provided for in Section 2.1(A).
- (G) **Administration Budget.** The Liquidator and THP have accepted an Administration Cost Budget (commencing with October, 2000) attached hereto as **Exhibit D.** The parties to this Settlement Agreement acknowledge that the establishment of an Administration Cost Budget was a material inducement to THP in its decision to enter into this Settlement Agreement, but that the budget is subject to change over time as the Liquidator continues to administer the TNE estate, and is not, in any event, a restriction upon the Liquidator's abilities to administer the TNE estate in the manner in which she deems appropriate. The Agent shall immediately inform the Liquidator and THP in writing if it determines that there is likely to be any material deviation and shall explain the reasons it believes such material deviation is required. A "material deviation" is defined as an increase from the budgeted amount in excess of ten per cent for any budgeted line item, for the total budget on a monthly basis or for the total budget on an accumulated basis. In the event of the occurrence of a material deviation, the Liquidator shall personally make herself reasonably available to meet with a designated senior executive of THP to discuss the material deviation and to implement, where reasonably feasible, controls to avoid future material deviations from the budget. If THP thereafter determines that the Liquidator's projected future budget for administration costs is unreasonable, THP may seek review by the Liquidation Court, which shall apply a standard of reasonableness in evaluating the Liquidator's budget of projected future administration costs. The Liquidator shall not enter into any material contract or incur any material administration cost not generally anticipated in such budget of projected future administration costs after the Effective Date without first advising THP and discussing the same.

Section 4 – Mutual Obligations

4.1. Reporting.

- (A) THP shall provide reports to the Liquidator and to her agents as described and outlined in **Exhibit E** hereto to permit the Liquidator to monitor and evaluate TAHMO's rendition and performance of the ASA, the status of payments made in the Proof of Claim Process, and THP's accrual of a Class One Claim. Such reports shall be supplemental to such other reports as the Liquidator may reasonably require under the provisions of RSA 402-C, and shall not reduce or impair in any way the Liquidator's right to require such other reports, data, documents or other information in such manner and with such frequency as are reasonably required for her to carry out her duties as Liquidator.

- (B) The Liquidator shall provide THP or TAHMO such other reports as THP or TAHMO shall reasonably request from time to time to permit THP or TAHMO to determine the amount of distributions made in the course of the Liquidation or otherwise to perform its obligations hereunder.
- (C) The Agent shall provide the Liquidator and TAHMO with no less than a monthly summary status report of Administration Costs incurred. Such report shall be received by the 10th day following the conclusion of the month and shall compare the expenses incurred to the budget. This obligation is in addition to any notices required under Section 3.3(G) in the event of a material deviation from the budget.
- 4.2. **Conclusion of Services.** The parties will use good faith efforts to achieve a Conclusion of Services by August 31, 2001. Beginning on or before March 31, 2001, the Liquidator and THP agree that they shall begin good faith discussions to evaluate the progress of the Liquidation Proceeding and the Plan of Liquidation, and to attempt to finalize a date for the Conclusion of Services.
- 4.3. **Mutual Releases.**
- (A) **THP's Release of The Liquidator.** THP on behalf of its respective corporations, officers, directors and agents (including the individuals named on Exhibit A to the Writ of Summons filed in the Liquidator's Action and referred to herein as the "Individual Defendants") agrees that this Agreement shall be and is in full settlement of any and all claims and causes of action that it and they have or may have against the State of New Hampshire and against Paula T. Rogers, individually and in her capacities as the Commissioner of Insurance of the State of New Hampshire, the Rehabilitator of TNE, the Liquidator of TNE, and the Liquidator's agents and representatives, including without limitation accountants, actuaries, advisors and attorneys (collectively the "Releasees"), arising from or relating to any and all claims and causes of action that were made or which could have been made in the Liquidation Proceeding, the Liquidator's Action or the Lawsuit. To the fullest extent provided by law, THP agrees to release and forever discharge the State of New Hampshire and Paula T. Rogers, individually and in her capacities as the Commissioner of Insurance of the State of New Hampshire, the Rehabilitator of TNE, the Liquidator of TNE, and the Liquidator's agents and representatives from any actions, causes of action, suits, and any and all claims, demands, liabilities, of every name and nature, at law or in equity, or under any federal or state statute, regulation, rule or order, whether known or unknown, which THP now has or ever had or can or may have by reason of any cause or matter occurring on or prior to the Effective Date. Nothing contained herein shall preclude THP from bringing an action to enforce the terms of this Agreement or any agreement for Conclusion of Services, or any other related agreement entered into by the parties hereto or any Court Order. This release shall not constitute a release of the THP Allowed Claims against the estate of TNE. THP and the Individual Defendants each covenant not to sue the Releasees with respect to any claims related to the claims released hereby.

- (B) **The Liquidator's and TNE's Release of THP.** The Liquidator agrees that this Agreement shall be and is in full settlement of any and all claims and causes of action that she or TNE has or may have against THP, including its respective present and former directors, officers, employees, and affiliates, subsidiaries, representatives, insurers (including Lexington Insurance Company) and agents and including all defendants named in the Liquidator's Action or the Lawsuit (collectively, the "THP Releasees"), arising from or relating to any and claims and causes of action that were made or which could have been made in the Liquidation Proceeding, the Liquidator's Action or the Lawsuit. To the fullest extent provided by law, the Liquidator hereby releases and forever discharges the THP Releasees from any actions, causes of action, suits, and any and all claims, demands, liabilities, of every name and nature whatsoever, at law or in equity, or under any federal or state statute, regulation, rule or order, whether known or unknown, which the Liquidator now has or ever had or can or may have by reason of any cause or matter occurring on or prior to the Effective Date. Nothing contained herein shall preclude the Liquidator from bringing an action to enforce the terms of this Agreement or any agreement for Conclusion of Services, or any other related agreement entered into by the parties hereto or any Court Order. The Liquidator covenants not to sue the THP Releasees with respect to any claims related to the claims released hereby.
- (C) **Incorporation By Reference of the BIW Releases.** This Agreement expressly incorporates by reference the Releases and Covenants Not to Sue to be executed respectively by (i) THP in favor of BIW; (ii) the Liquidator in favor of BIW; (iii) BIW in favor of THP; and (iv) BIW in favor of the Liquidator, all of which are annexed hereto as **Exhibit A.**
- 4.4 **Plan and Form of Approval Order.** The parties have attached hereto as **Exhibit F** the Plan which shall be submitted to the Liquidation Court for entry of the Approval Order substantially in the form of the order attached hereto as **Exhibit G.**

Section 5 – Compromised BIW Claims

- 5.1. The parties acknowledge and agree that the Settlement Agreement between the Liquidator and BIW, whereby BIW has agreed to accept the net amount of Fourteen Million dollars (\$14,000,000) in the Liquidation Proceeding with respect to BIW's Claims in the Liquidation Proceeding and whereby BIW issues a release and covenant not to sue the THP Releasees is integral to this Agreement between the Liquidator and THP. Notwithstanding any other provision of this Settlement Agreement to the contrary, THP shall not be obligated to advance any funds under this Agreement until THP has received the release and covenant not to sue the THP Releasees from BIW.
- 5.2. The Parties further acknowledge that it is contemplated that BIW shall receive the dividend on its Allowed Claim once the Approval Order becomes a Final Order.

Section 6 – General Provisions

- 6.1. **Binding Effect/No Assignment.** This Agreement represents the entire agreement of the parties relating to the subject matter hereof, and shall be binding upon, and inure to the benefit of, the parties hereto and their respective heirs, successors, assigns, legal representatives, executors and administrators (including, as to each of them any liquidator, receiver, rehabilitator or other representative or conservator that may be appointed for any of them). Any waiver, modification or amendment to this Agreement shall be effective only if made in writing and executed by the parties hereto and (except as to modifications of **Exhibits B, C** and **E** hereof) approved by the Liquidation Court. The rights and liabilities of the parties hereto shall bind and inure to the benefit of the parties' respective successors and assigns, provided, however, that the obligations of THP as set forth in this Agreement and more particularly in Section 2 of this Agreement may not be assigned or delegated without the express prior written consent of the Liquidator.
- 6.2. **Governing Law/Severability.** This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New Hampshire, without reference to conflict of laws principles. In the event any provision of this Agreement (other than the Releases provided for in Section 4.3 and the releases contemplated in the BIW Settlement Agreement) shall be found to be invalid or unenforceable, the remaining provisions of the Agreement shall continue in full force and effect.
- 6.3. **No Liability.** Nothing in this Agreement shall or can be construed or implied to be an acknowledgment or admission of liability on the part of any party in respect to the subject matter of the Liquidation Proceeding, the Liquidator's Action, or the Lawsuit.
- 6.4. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.
- 6.5. **Termination of the Liquidator's Action.** Upon the Effective Date, the parties shall direct their counsel to file an appropriate Docket Marking or Stipulation of Dismissal With Prejudice in the Liquidator's Action and there shall be no further action with respect to the claims set forth in, or which could have been set forth in, the Liquidator's Action or the Lawsuit.
- 6.6. **Notices.** Any notice or other communication required, permitted or deemed necessary by the parties hereto shall be made in writing and shall be sent by both facsimile and certified mail, postage prepaid. Any such notice shall be deemed given and delivered when so delivered by facsimile and certified mail. Notices shall be sent to the following persons:
- (A) If to the Liquidator:

Paula T. Rogers
Commissioner of the New Hampshire Department of Insurance,
As Liquidator of Tufts Health Plan of New England, Inc.
Department Of Insurance
56 Old Suncook Road
Concord, New Hampshire 03301
Facsimile: (603) 271-1406

With a copy to:

Bruce A. Harwood, Esquire
Christopher Cole, Esquire
Sheehan, Phinney Bass + Green, Professional Association
1000 Elm Street, P.O. Box 3701
Manchester, New Hampshire 03105-3701
Facsimile: (603) 627-8121

(B) If to THP:

Tufts Associated Health Plans, Inc.
333 Wyman Street
Waltham, Massachusetts 02154
Attention: James Roosevelt Jr., Esquire
Facsimile: (781) 466-9034

With a copy to:

Brian S. Hucker, Esquire
McDermott, Will & Emery
227 West Monroe Street
Chicago, Illinois 60606
Facsimile: (312) 984-7700

- 6.7. **Acknowledgment of Assistance of Counsel.** Each party acknowledges that it has reviewed and entered into this Funding and Settlement Agreement with the advice and assistance of counsel.
- 6.8. **Approval.** This Agreement shall not be in force or effect until the Liquidation Court's Approval Order approving the Plan and this Agreement becomes a Final Order. The parties hereto agree that they shall cooperate in good faith to obtain the Liquidation Court's approval of this Agreement and the Plan. In addition, this Agreement is subject to Ratification by the Boards of THP and the consent of the Individual Defendants in the Liquidator's Action, which shall have occurred prior to the date upon which the Liquidator's motion seeking approval of this Agreement is filed with the Liquidation Court.
- 6.9. **Press Release:** The parties agree to prepare and issue a single mutually acceptable press release regarding this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above.

Dated: November ____, 2000.

TUFTS ASSOCIATED HEALTH PLANS, INC.

**For and on behalf of itself and each of the
entities and the Individual Defendants as herein
defined.**

By: _____

Name: _____

Its: _____

Dated: November ___, 2000.

PAULA T. ROGERS,

**New Hampshire Insurance Commissioner, in her
capacity as Liquidator of Tufts Health Plan of
New England, Inc.**

EXHIBIT A

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release dated as of the ___ day of _____ 2000, by and between Paula T. Rogers, the New Hampshire Commissioner of Insurance and duly appointed Liquidator of the Estate of Tufts Health Plan of New England, Inc. ("Rogers" or the "Liquidator"), and Bath Iron Works Corporation, a corporation organized under the laws of the State of Maine with a principal place of business at Bath, Maine (hereinafter referred to as "BIW") (and, where applicable, collectively referred to as "the Parties").

RECITALS:

WHEREAS, Paula T. Rogers was appointed the Liquidator of the Estate of Tufts Health Plan of New England, Inc. by an Order of Liquidation dated January 3, 2000 of the Merrimack County, New Hampshire, Superior Court in an action entitled In the Matter of Tufts Health Plan of New England, Inc., Docket No. 99-E-410 (the action shall hereinafter be called the "Liquidation Proceeding" and the Court shall be called the "Liquidation Court");

WHEREAS, the Liquidator has commenced a civil action in the Merrimack County, New Hampshire, Superior Court entitled Paula T. Rogers, as Liquidator v. Tufts Health Plan of New England, Inc., Tufts Associated Health Plan, Inc., Tufts Associated Health Maintenance Organization, Inc., and others, Docket No. 00-C-170, on behalf of creditors, policyholders and others, including BIW ("the Liquidator's Action");

WHEREAS, BIW commenced an action in the United States District Court for the District of Maine entitled Bath Iron Works Corporation v. Tufts Health Plan of New England, Inc., Tufts Associated Health Plan, Inc., Tufts Associated Health Maintenance Organization, Inc., and others, Civil Action No. CV-99-365-P-H ("the Lawsuit"), alleging various causes of action against TNE and its parent and affiliated companies arising from the above-referenced Defendants' decision to cease doing business in the State of Maine, including causes of action for breach of contract, fraud and negligent misrepresentation, alleged antitrust violations, and alter ego theories of liability or recovery over the parent and affiliated companies;

WHEREAS, by Order of Dismissal dated April 18, 2000, the United States District Court for the District of Maine the Lawsuit was dismissed, without prejudice, and BIW has not appealed the April 18, 2000 Order;

WHEREAS, BIW has filed proofs of claim in the Liquidation Proceeding totaling in excess of \$21,400,000, which include claims representing certain costs associated with and allegedly caused by the need to obtain replacement insurance coverage after the termination of TNE's insurance policies and related agreements;

WHEREAS, the Parties to the Liquidator's Action have determined that it will be in their best interest to resolve the Liquidator's Action, with prejudice, contingent upon the terms and conditions of this Settlement Agreement and Release between the Liquidator and BIW;

WHEREAS, the Liquidator and BIW have agreed to settle: (1) any and all claims of BIW against the Estate of TNE, and against TNE's parent and affiliated companies, as brought in the Lawsuit and which could have been brought in the Lawsuit, with prejudice; (2) any and all claims of BIW against the Estate of TNE, the Liquidator and her agents in the Liquidation Proceeding, with prejudice; and (3) any and all claims of or made on behalf of BIW in the Liquidator's Action, with prejudice, in accordance with the terms and conditions of this Settlement Agreement and Release;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto hereby agree as follows:

1. **BIW's Agreement To Accept Payment on its Claims Against the Estate of TNE.** BIW agrees to accept net payment of the amount of Fourteen Million Dollars (\$14,000,000) in complete satisfaction of all of its claims against TNE (and its parent and affiliated companies) which were or could have been alleged or asserted in the Liquidation Proceeding, the Liquidator's Action and the Lawsuit, without limitation. The Parties acknowledge that: (1) BIW's agreement to accept this amount in satisfaction of its claims in the Liquidation Proceeding is integral to, and contingent upon, the overall settlement of the Liquidator's Action and to the Plan of Liquidation to be submitted to the Liquidation Court; and (2) if BIW is not paid the amount set forth in this Section 1 it may pursue its proofs of claim in the Liquidation Proceeding without prejudice in the full amount stated in such proofs of claim; and (3) in order to implement this settlement, the Liquidator shall recommend that the Liquidation Court allow BIW's claim in the amount of \$14,337,135.75, against which the Liquidator shall set off the amount of \$337,135.75 in premium claims due to TNE by BIW, in accordance with RSA 402-C:34, resulting in a net Allowed Claim of \$14,000,000.00, which shall be payable as an Allowed Class Two Claim under the provisions of the Plan of Liquidation filed contemporaneously herewith.

2. **The Parties' Agreement As To Costs and Attorney's Fees.** The Parties agree that each Party shall bear its own costs, attorney's fees and expenses.

3. **Actions to Enforce.** In the event any party to this Agreement brings an action seeking to enforce any term of this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and costs incurred in bringing or defending such action.

4. **BIW's Release of the Liquidator and TNE.** BIW agrees that, upon approval of this Settlement Agreement and Release in the Liquidation Proceeding, the execution of this Settlement Agreement and Release, and payment to BIW of the amount set forth in Section 1 above, it shall execute the General Release and Covenant Not To Sue in favor of TNE, the Liquidator, the State of New Hampshire, and the Liquidator's agents annexed hereto as Exhibit 1. Nothing in this Section 4, however, shall be construed to prevent the Parties from commencing an action to enforce the terms and conditions of this Settlement Agreement and Release. The Parties acknowledge and agree that the failure to comply with any provision of this Agreement shall constitute a material breach of the Agreement entitling the other Party to seek appropriate relief.

5. **BIW's Release of the Tufts Parents and Affiliated Companies.** BIW agrees that, upon approval of this Settlement Agreement and Release in the Liquidation Proceeding, the execution of this Settlement Agreement and Release, and payment to BIW of the amount set forth in Section 1 above, it shall execute the General Release and Covenant Not To Sue annexed hereto as Exhibit 2 in favor of the Tufts Entities and Releasees, as those terms are defined in Exhibit 2, hereto.

Nothing in this Section 5, however, shall be construed to prevent the Parties from commencing an action to enforce the terms and conditions of this Settlement Agreement and Release. The Parties acknowledge and agree that the failure to comply with any provision of this Agreement shall constitute a material breach of the Agreement entitling the other Party to seek appropriate relief.

6. **The Liquidator's and TNE's Release of BIW.** The Liquidator agrees, that, upon approval of this Settlement Agreement and Release in the Liquidation Proceeding, the execution of this Settlement Agreement and Release, and payment to BIW of the amount set forth in Section 1 above, it shall execute the General Release and Covenant Not To Sue annexed hereto as Exhibit 3 in favor of BIW.

Nothing in this Section 6, however, shall be construed to prevent the Parties from commencing an action to enforce the terms and conditions of this Settlement Agreement and Release. The Parties acknowledge and agree that the failure to comply with any provision of this Agreement shall constitute a material breach of the Agreement entitling the other Party to seek appropriate relief.

7. **Tufts Parents and Affiliated Companies Release of BIW.** The Parties hereto agree that, upon approval of this Settlement Agreement and Release in the Liquidation Proceeding, the execution of this Settlement Agreement and Release, and payment to BIW of the amount set forth in Section 1 above, the Tufts Parents and Affiliated Companies shall execute the General Release and Covenant Not To Sue annexed hereto as Exhibit 4 in favor of the BIW.

Nothing in this Section 7, however, shall be construed to prevent the Parties from commencing an action to enforce the terms and conditions of this Settlement Agreement and Release. The Parties acknowledge and agree that the failure to comply with any provision of this Agreement shall constitute a material breach of the Agreement entitling the other Party to seek appropriate relief.

8. **Contingencies/Approval of the Plan of Liquidation.** The terms and conditions of this Agreement shall be contingent upon the execution of a definitive funding and settlement agreement between the Liquidator and the Defendants in the Liquidator's Action, the Merrimack County Superior Court's final approval of the Plan of Liquidation and of the definitive funding and settlement agreement, and payment to BIW of the amount set forth in Section 1 above.

9. **Miscellaneous.**

(a) **Binding Effect.** This Agreement supersedes all other agreements relating to the subject matter herein, and shall be binding upon, and inure to the benefit of, the Parties hereto and their respective heirs, successors, assigns, legal representatives, executors and administrators, and shall constitute the entire agreement between the Parties with respect to the matters referred to herein.

(b) **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New Hampshire, without reference to conflict of laws principles.

(c) **No Liability.** Nothing in this Settlement Agreement shall or can be construed or implied to be an acknowledgment or admission of liability on the part of any Party to or beneficiary of this Agreement in respect to the subject matter of the Liquidation Proceeding, the Liquidator's Action or the Lawsuit.

(d) **Authority.** The parties agree and acknowledge that each of them has the authority to enter into this agreement and do not require the consent of any third party to enter into this agreement.

(e) **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.

(f) **Third Parties.** This Agreement is intended to bind only the parties hereto and does not and cannot be construed to be made for the benefit of any third parties not signatories to this Agreement.

10. **Acknowledgment of Assistance of Counsel.** Each Party acknowledges that it has reviewed and entered into this Settlement Agreement and Release, and Exhibits hereto, with the advice and assistance of counsel.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as an instrument under seal as of the date first written above.

Dated: _____

BATH IRON WORKS CORPORATION

By: _____

Its: _____

Duly Authorized

Dated: _____

PAULA T. ROGERS,
As New Hampshire Commissioner of
Insurance and Liquidator of the Estate of
Tufts Health Plan of New England, Inc.

Paula T. Rogers

EXHIBIT 1

GENERAL RELEASE AND COVENANT NOT TO SUE

I.

General Definitions

As used herein, the term “**Tufts Entities**” means Tufts Associated Health Maintenance Organization, Inc., Tufts Associated Health Plans, Inc., Total Health Plan, Inc., TAHMO Holdings, Inc. and Tufts Benefit Administrators, Inc. and each of them respectively.

As used herein, the term “**BIW**” means Bath Iron Works Corporation.

As used herein, the term “**Liquidator**” means Paula T. Rogers in her individual capacity, as Rehabilitator of the Tufts Health Plan of New England, Inc., as Liquidator of Tufts Health Plan of New England, Inc., and her agents and representatives, and the State of New Hampshire.

As used herein, the term “**TNE**” means Tufts Health Plan of New England, Inc.

As used herein the term, “**BIW Action**” means that certain action previously pending, upon removal from state court, in the United States District Court for the District of Maine and captioned Bath Iron Works v. Tufts Associated Health Plans, Inc., et. al. Civil No. CV-99-65-P-H.

As used herein, the term “**Liquidator’s Action**” means that certain action pending in the Superior Court for Merrimack County, New Hampshire, and captioned Paula T. Rogers, Liquidator of Tufts Health Plan of New England, Inc. v Tufts Associated Health Plan, Inc., Tufts Associated Health Maintenance Organization, Inc., et. al. Docket No. 00-C-170.

As used herein, the term “**Liquidation Proceedings**” means that certain matter now pending in the Superior Court for Merrimack County, New Hampshire, and captioned In the Matter of the Liquidation of Tufts Health Plan of New England, Inc., Docket No. 99-E-0410.

As used herein, the term “**Funding and Settlement Agreement**” means that agreement between the **Liquidator** and the **Tufts Entities** dated as of November 14, 2000.

II.

General Release

BIW, for itself and its present and former shareholders, directors, partners, managing directors, officers, employees, accountants, advisors, agents, attorneys, administrators, parents, subsidiaries, subcontractors, affiliates, successors and assigns, in consideration of (1) the **Tufts Entities** undertakings pursuant to the **Funding and Settlement Agreement**, (2) the allowance and payment of **BIW**’s claim in the **Liquidation Proceedings** in the net amount of fourteen million dollars (\$14,000,000), and (3) the full and complete release of any and all claims and causes of action against **BIW** by the Liquidator and **TNE**, hereby unconditionally and irrevocably releases and discharges **TNE** and the **Liquidator** from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands whatsoever, in law, admiralty or equity, in contract, tort or otherwise whether known or unknown which **BIW** or **BIW**’s successors and assigns, ever had, now has or may have against **TNE** and the **Liquidator**, including but not limited to claims relating to the allegations in the **BIW Action**, claims relating to the allegations in the **Liquidator’s Action** and any other claims arising out of or relating to the **Liquidation Proceedings**.

III.

Covenant Not to Sue

Without limiting the generality of the foregoing, **BIW** agrees not to initiate or maintain any claim, suit or cause of action, of any kind whatsoever, in or by way of any legal proceedings

or otherwise, against **TNE** and the **Liquidator** with respect to any matter which was or could have been asserted in the **Liquidation Proceedings**, in the **BIW Action** or in the **Liquidator's Action**.

IV.

Acknowledgments and Representations

BIW acknowledges that this release and covenant not to sue is offered as a material inducement to the **Liquidator's** allowance and payment of its Claim in the net amount of \$14,000,000 as part of the overall **Funding and Settlement Agreement** with the **Liquidator**.

BIW acknowledges that the **Liquidator** and her agents and representatives are intended beneficiaries of the provisions hereof. Provided that it is paid the net amount of \$14,000,000 for its Claim, **BIW** further acknowledges that **BIW's** claims shall be satisfied solely from the distribution it receives in the **Liquidation Proceedings** as a Claim Holder.

BIW represents and warrants that it has the authority to enter into this release and covenant not to sue and further that, as of the date hereof, no matters released hereunder or subject to the within covenant not to sue have been pledged, assigned, transferred or conveyed to any other person or entity.

The foregoing Release and Covenant not to Sue shall be governed by New Hampshire law, without reference to the choice of law provisions thereof.

Dated: _____, 2000.

BATH IRON WORKS CORPORATION

By: _____

Name: _____

Its: _____

STATE OF MAINE)
COUNTY OF _____)

On _____, 2000, before me personally came _____ to me known, who, by me duly sworn, did depose and say that the deponent is the _____ of BATH IRON WORKS CORPORATION the entity described in and which executed the foregoing General Release and Covenant Not to Sue, and that the deponent was duly authorized to execute said document on behalf of BATH IRON WORKS CORPORATION.

Notary Public

EXHIBIT 2

GENERAL RELEASE AND COVENANT NOT TO SUE

I.

General Definitions

As used herein, the term “**Tufts Entities**” means Tufts Associated Health Maintenance Organization, Inc., Tufts Associated Health Plans, Inc., Total Health Plan, Inc., TAHMO Holdings, Inc. and Tufts Benefit Administrators, Inc. and each of them respectively.

As used herein, the term “**Releasees**” means the **Tufts Entities** and each of their present and former shareholders, directors (including those named as defendants in the **Liquidator’s Action**), partners, managing directors, officers, employees, accountants, advisors, agents, attorneys, administrators, parents, subsidiaries, subcontractors, and affiliates, and their heirs, successors and assigns.

As used herein, the term “**BIW**” means Bath Iron Works Corporation.

As used herein, the term “**Liquidator**” means Paula T. Rogers as Liquidator of Tufts Health Plan of New England, Inc., and her agents and representatives.

As used herein, the term “**TNE**” means Tufts Health Plan of New England, Inc.

As used herein, the term “**BIW Action**” means that certain action previously pending, upon removal from state court, in the United States District Court for the District of Maine and captioned Bath Iron Works v. Tufts Associated Health Plans, Inc., et. al. Civil No. CV-99-65-P-H.

As used herein, the term “**Liquidator’s Action**” means that certain action pending in the Superior Court for Merrimack County, New Hampshire, and captioned Paula T. Rogers,

Liquidator of Tufts Health Plan of New England, Inc. v. Tufts Associated Health Plan, Inc.,
Tufts Associated Health Maintenance Organization Inc., et. al. Docket No. 00-C-170.

As used herein, the term “**Liquidation Proceedings**” means that certain matter now pending in the Superior Court for Merrimack County, New Hampshire, and captioned In the Matter of the Liquidation of Tufts Health Plan of New England, Inc., Docket No. 99-E-0410.

As used herein, the term “**Funding and Settlement Agreement**” means that agreement between the **Liquidator** and the **Tufts Entities** dated as of November 14, 2000.

II.

General Release

BIW, for itself and its present and former shareholders, directors, partners, managing directors, officers, employees, accountants, advisors, agents, attorneys, administrators, parents, subsidiaries, subcontractors, affiliates, successors and assigns, in consideration of (1) the **Tufts Entities** undertakings pursuant to the **Funding and Settlement Agreement**, (2) the allowance and payment of **BIW**’s claim in the **Liquidation Proceedings** in the net amount of fourteen million dollars (\$14,000,000), and (3) the Releasees full and complete release of any and all claims and causes of action against **BIW**, hereby unconditionally and irrevocably releases and discharges the **Releasees** from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands whatsoever, in law, admiralty or equity, in contract, tort or otherwise whether known or unknown which **BIW** or **BIW**’s successors and assigns, ever had, now has or may have against the **Releasees** or any of them, including but not limited to claims relating to the allegations in the **BIW Action**, claims relating to the allegations in the **Liquidator’s Action** and any other claims arising out of or relating to the **Liquidation Proceedings**.

III.

Covenant Not to Sue

Without limiting the generality of the foregoing, **BIW** agrees not to initiate or maintain any claim, suit or cause of action, of any kind whatsoever, in or by way of any legal proceedings or otherwise, against the **Releasees** with respect to any matter which was or could have been asserted in the **Liquidation Proceedings**, in the **BIW Action** or in the **Liquidator's Action**.

IV.

Acknowledgments and Representations

BIW acknowledges that this release and covenant not to sue is offered as a material inducement to the **Tufts Entities** for them to enter into the **Funding and Settlement Agreement** with the **Liquidator**. **BIW** acknowledges that the **Releasees** are each intended beneficiaries of the provisions hereof. **BIW** further acknowledges that **BIW's** claims shall be satisfied solely from the distribution it receives in the **Liquidation Proceedings**.

BIW represents and warrants that it has the authority to enter into this release and covenant not to sue and further that, as of the date hereof, no matters released hereunder or subject to the within covenant not to sue have been pledged, assigned, transferred or conveyed to any other person or entity.

The foregoing Release and Covenant not to Sue shall be governed by New Hampshire law, without reference to the choice of law provisions thereof.

Dated: _____, 2000.

BATH IRON WORKS CORPORATION

By: _____

Name: _____

Its: _____

STATE OF MAINE:

COUNTY OF _____:

On _____, 2000, before me personally came _____ to me known, who, by me duly sworn, did depose and say that the deponent is the _____ of BATH IRON WORKS CORPORATION the entity described in and which executed the foregoing General Release and Covenant Not to Sue, and that the deponent was duly authorized to execute said document on behalf of BATH IRON WORKS CORPORATION.

Notary Public

EXHIBIT 3

GENERAL RELEASE AND COVENANT NOT TO SUE

I.

General Definitions

As used herein, the term “**Tufts Entities**” means Tufts Associated Health Maintenance Organization, Inc., Tufts Associated Health Plans, Inc., Total Health Plan, Inc., TAHMO Holdings, Inc. and Tufts Benefit Administrators, Inc. and each of them respectively.

As used herein, the term “**BIW**” means Bath Iron Works Corporation.

As used herein, the term “**Liquidator**” means Paula T. Rogers as Liquidator of Tufts Health Plan of New England, Inc., and her agents and representatives.

As used herein, the term “**TNE**” means Tufts Health Plan of New England, Inc.

As used herein, the term “**BIW Action**” means that certain action previously pending, upon removal from state court, in the United States District Court for the District of Maine and captioned Bath Iron Works v. Tufts Associated Health Plans, Inc., et. al. Civil No. CV-99-65-P-H.

As used herein, the term “**Liquidator’s Action**” means that certain action pending in the Superior Court for Merrimack County, New Hampshire, and captioned Paula T. Rogers, Liquidator of Tufts Health Plan of New England, Inc. v. Tufts Associated Health Plan Inc., Tufts Associated Health Maintenance Organization, Inc., et. al. Docket No. 00-C-170.

As used herein, the term “**Liquidation Proceedings**” means that certain matter now pending in the Superior Court for Merrimack County, New Hampshire, and captioned In the Matter of the Liquidation of Tufts Health Plan of New England, Inc., Docket No. 99-E-0410.

As used herein, the term “**Funding and Settlement Agreement**” means that agreement between the **Liquidator** and the **Tufts Entities** dated as of November 14, 2000.

II.

General Release

The **Tufts Entities**, for themselves and their present and former shareholders, directors, partners, managing directors, officers, employees, accountants, advisors, agents, attorneys, administrators, parents, subsidiaries, subcontractors, affiliates, successors and assigns, including without limitation the individual Defendants in the Liquidator’s Action, in consideration of (1) **BIW**’s undertakings pursuant to the Settlement Agreement in respect to payment of **BIW**’s Claim in the **Liquidation Proceedings** in the net amount of fourteen million dollars (\$14,000,000), and (2) **BIW**’s full and complete release of any and all claims and causes of action against the **Tufts Entities**, hereby unconditionally and irrevocably releases and discharges **BIW** from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands whatsoever, in law, admiralty or equity, in contract, tort or otherwise whether known or unknown which the **Tufts Entities** and their successors and assigns, ever had, now has or may have against **BIW**, including but not limited to claims relating to the allegations in the **BIW Action**, claims relating to the allegations in the **Liquidator’s Action** and any other claims arising out of or relating to the **Liquidation Proceedings**.

III.

Covenant Not to Sue

Without limiting the generality of the foregoing, the **Tufts Entities** agree not to initiate or maintain any claim, suit or cause of action, of any kind whatsoever, in or by way of any legal

proceedings or otherwise, against **BIW** with respect to any matter which was or could have been asserted in the **Liquidation Proceedings**, in the **BIW Action** or in the **Liquidator's Action**.

IV.

Acknowledgements and Representations

The **Tufts Entities** acknowledge that this release and covenant not to sue is offered as a material inducement to **BIW** for it to enter into the Settlement Agreement and Release with the **Liquidator**. The **Tufts Entities** represent and warrant that they have the authority to enter into this release and covenant not to sue, including the authority to enter into this release and covenant not to sue on behalf of the individual Defendants in the **Liquidator's Action**, and further that, as of the date hereof, no matters released hereunder or subject to the within covenant not to sue have been pledged, assigned, transferred or conveyed to any other person or entity.

The foregoing Release and Covenant not to Sue shall be governed by New Hampshire law, without reference to the choice of law provisions thereof.

Dated: _____, 2000.

TUFTS HEALTH PLANS, INC.

For and on behalf of the Tufts Entities, as herein defined, and the Individual Defendants named in the Liquidator's Action, as herein defined.

By: _____

Name: _____

Its: _____

COMMONWEALTH OF MASSACHUSETTS:
COUNTY OF _____:

On _____, 2000, before me personally came _____ to me known, who, by me duly sworn, did depose and say that the deponent is the _____ of TUFTS HEALTH PLAN, INC. the entity described in and which executed the foregoing General Release and Covenant Not to Sue, and that the deponent was duly authorized to execute said document on behalf of TUFTS HEALTH PLAN, INC., THE TUFTS ENTITIES, as herein defined, and the INDIVIDUAL DEFENDANTS IN THE LIQUIDATOR'S ACTION, as herein defined.

Notary Public

EXHIBIT 4

GENERAL RELEASE AND COVENANT NOT TO SUE

I.

General Definitions

As used herein, the term “**Tufts Entities**” means Tufts Associated Health Maintenance Organization, Inc., Tufts Associated Health Plans, Inc., Total Health Plan, Inc., TAHMO Holdings, Inc. and Tufts Benefit Administrators, Inc. and each of them respectively.

As used herein, the term “**BIW**” means Bath Iron Works Corporation.

As used herein, the term “**Liquidator**” means Paula T. Rogers as Liquidator of Tufts Health Plan of New England, Inc., and her agents and representatives.

As used herein, the term “**TNE**” means Tufts Health Plan of New England, Inc.

As used herein the term, “**BIW Action**” means that certain action previously pending, upon removal from state court, in the United States District Court for the District of Maine and captioned Bath Iron Works v. Tufts Associated Health Plans, Inc., et. al. Civil No. CV-99-65-P-H.

As used herein, the term “**Liquidator’s Action**” means that certain action pending in the Superior Court for Merrimack County, New Hampshire, and captioned Paula T. Rogers, Liquidator of Tufts Health Plan of New England, Inc. v. Tufts Associated Health Plan, Inc., Tufts Associated Health Maintenance Organization, Inc., et. al. Docket No. 00-C-170.

As used herein, the term “**Liquidation Proceedings**” means that certain matter now pending in the Superior Court for Merrimack County, New Hampshire, and captioned In the Matter of the Liquidation of Tufts Health Plan of New England, Inc., Docket No. 99-E-0410.

As used herein, the term “**Funding and Settlement Agreement**” means that agreement between the **Liquidator** and the **Tufts Entities** dated as of November 14, 2000.

II.

General Release

The **Liquidator**, for TNE and for herself and for her advisors, agents, attorneys, successors and assigns, in consideration of (1) **BIW**’s undertakings pursuant to the Settlement Agreement in respect to payment of **BIW**’s Claim in the **Liquidation Proceedings** in the net amount of fourteen million dollars (\$14,000,000), (2) **BIW**’s full and complete release of any and all claims and causes of action against the **Tufts Entities**, and (3) **BIW**’s full and complete release of any and all claims and causes of action against the **Liquidator**, hereby unconditionally and irrevocably releases and discharges **BIW** from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands whatsoever, in law, admiralty or equity, in contract, tort or otherwise whether known or unknown which the **Liquidator** and her successors and assigns, ever had, now has or may have against **BIW**, including but not limited to claims relating to the allegations in the **BIW Action**, claims relating to the allegations in the **Liquidator’s Action** and any other claims arising out of or relating to the **Liquidation Proceedings**.

III.

Covenant Not to Sue

Without limiting the generality of the foregoing, the **Liquidator** agrees not to initiate or maintain any claim; suit or cause of action, of any kind whatsoever, in or by way of any legal proceedings or otherwise, against **BIW** with respect to any matter which was or could have been asserted in the **Liquidation Proceedings**, in the **BIW Action** or in the **Liquidator’s Action**.

IV.

Acknowledgments and Representations

The **Liquidator** acknowledges that this release and covenant not to sue is offered as a material inducement to **BIW** for it to enter into the Settlement Agreement and Release with the **Liquidator**. The **Liquidator** represents and warrants that she has the authority to enter into this release and covenant not to sue, and further that, as of the date hereof, no matters released hereunder or subject to the within covenant not to sue have been pledged, assigned, transferred or conveyed to any other person or entity.

The foregoing Release and Covenant not to Sue shall be governed by New Hampshire law, without reference to the choice of law provisions thereof.

Dated: _____, 2000.

**PAULA T. ROGERS, New Hampshire
Insurance Commissioner, in her capacity as
Liquidator of Tufts Health Plan of New England,
Inc.**

By: _____

Name: _____

Its: _____

STATE OF NEW HAMPSHIRE:
COUNTY OF MERRIMACK:

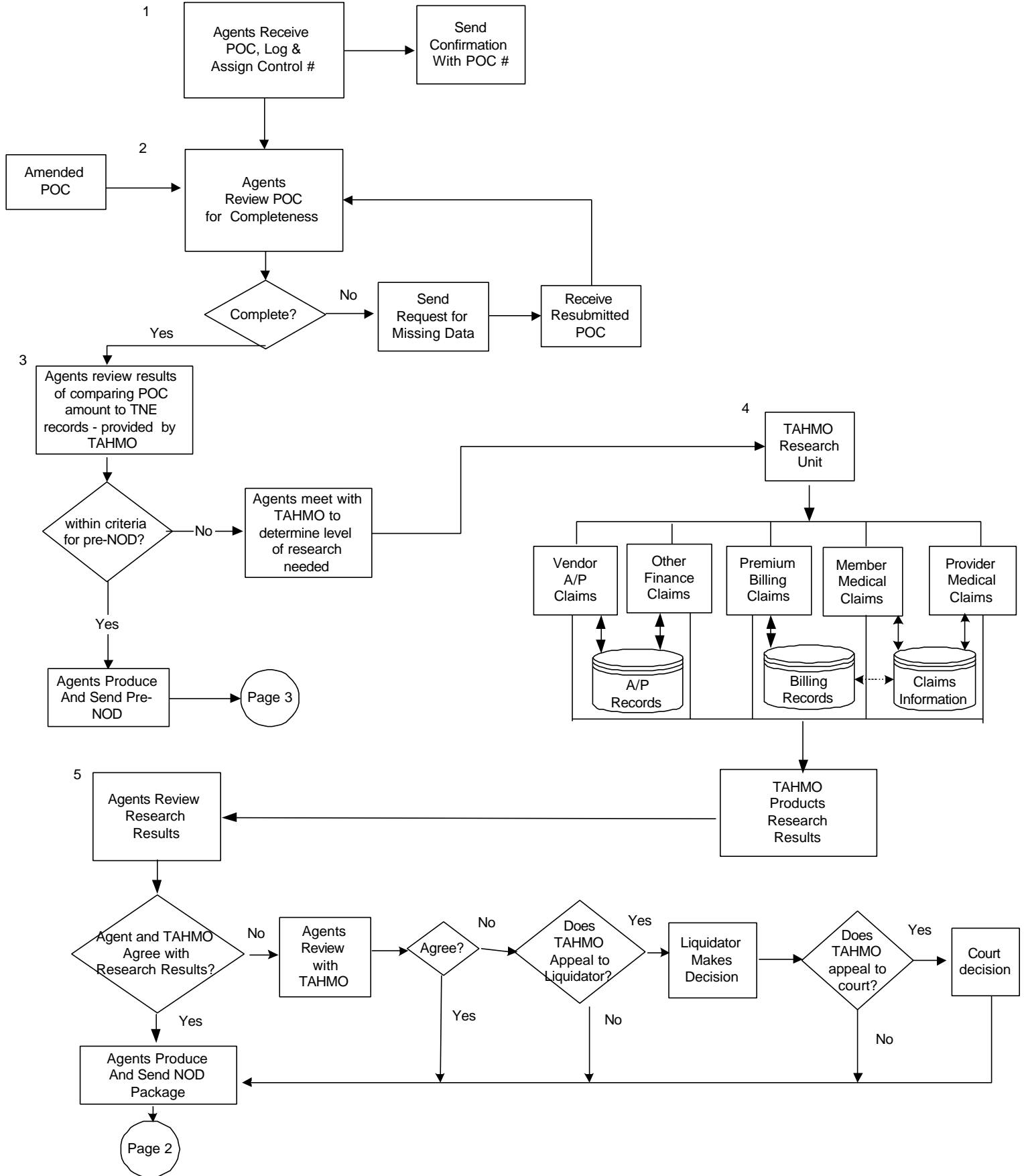
On _____, 2000, before me personally came _____ to me known, who, by me duly sworn, did depose and say that the deponent is the NEW HAMPSHIRE COMMISSIONER OF INSURANCE AND THE DULY AUTHORIZED LIQUIDATOR OF THE ESTATE OF TUFTS HEALTH PLAN OF NEW ENGLAND, INC., as described in and which executed the foregoing General Release and Covenant Not to Sue, and that the deponent was duly authorized to execute said document.

Notary Public

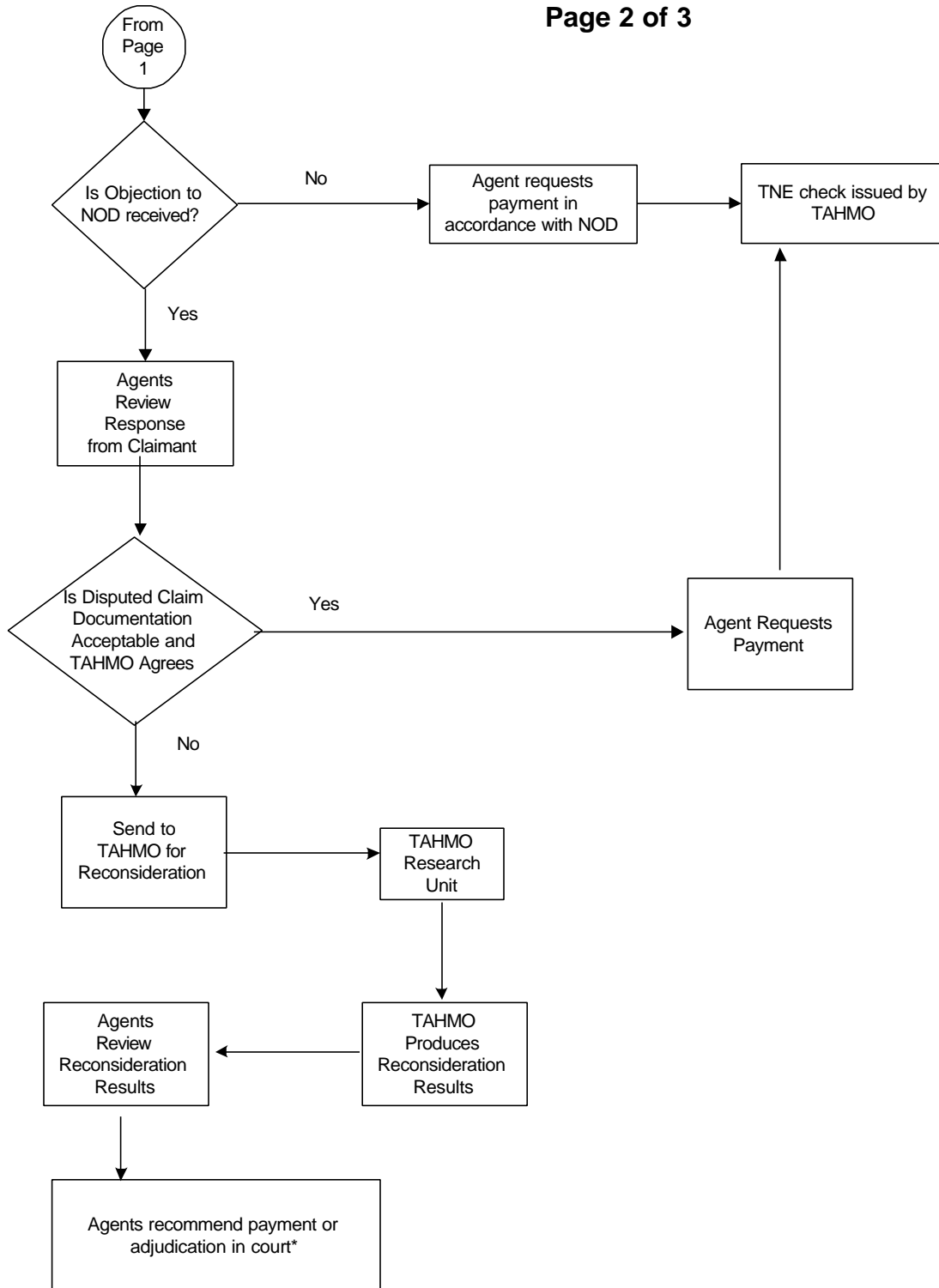
EXHIBIT B
POC PROCESS FLOW CHART

Proof of Claims Process

Page 1 of 3

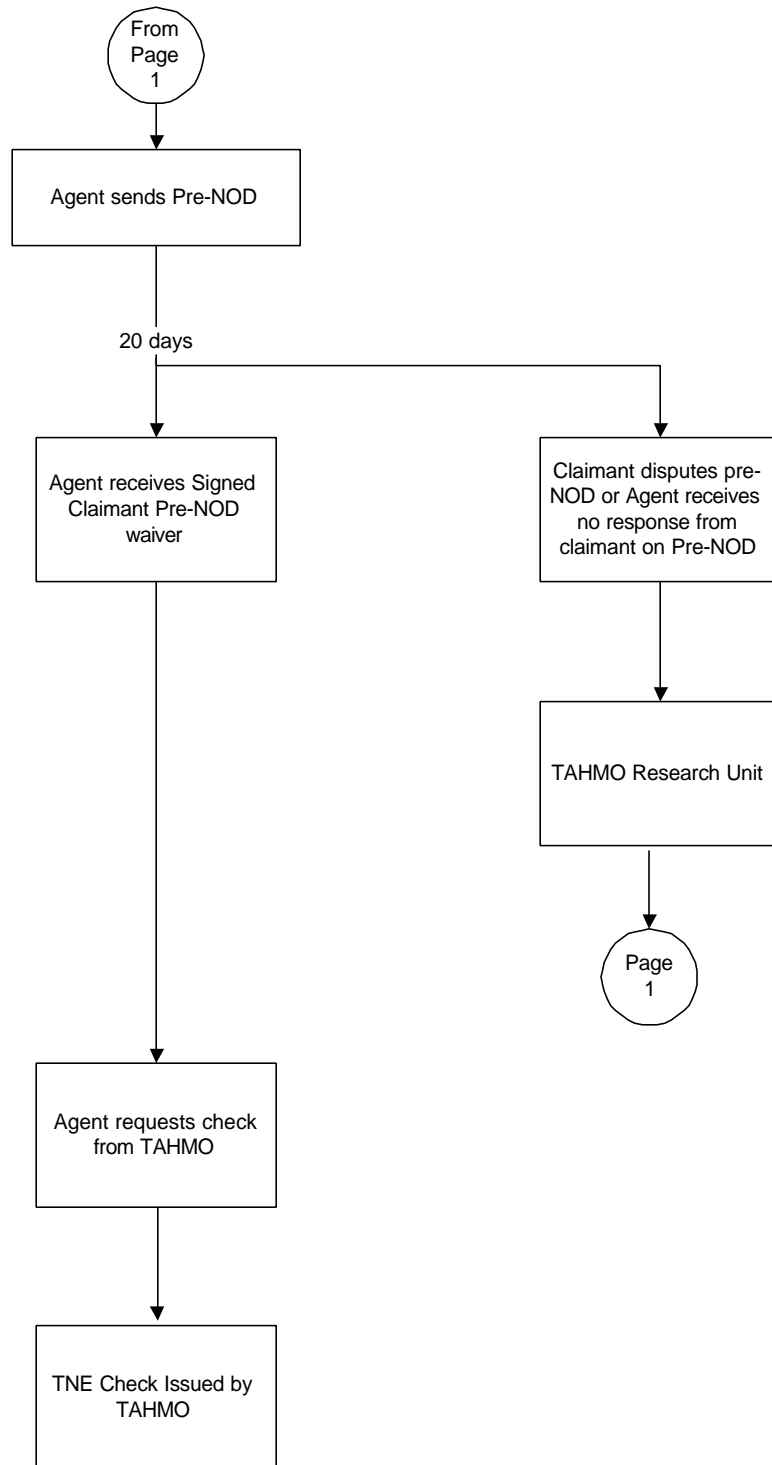


Proof of Claims Process
Page 2 of 3



* TAHMO reserves the right to object in court if it disagrees with Agent

Proof of Claims Process
Page 3 of 3



Addendum to Exhibit B
PROCESS FOR ADJUDICATING PROOFS OF CLAIMS (POCs)

1. All POCs are received by the Liquidator's Agents ("Agent").
2. All POCs are reviewed by the Agent for completeness.
3. Agent extracts from the POC filing all documentation for review. Agent confirms TAHMO has current copies of POC and supporting documentation.
4. TAHMO, in conjunction with the Agent, shall compile a list of claims meeting the following criteria:
 - a. Claims which are equal to or less than the amount reflected on the books and records of TNE;
 - b. Claims where the amount claimed does not exceed the amount reflected in the books and records of TNE (using the SOA for medical provider claims) by more than (i) 25% or (ii) \$1,000; and
 - c. Other claims which, as a result of discussions between the Agent and TAHMO, the Agent and TAHMO agree appear to be appropriate candidates for immediate compromise.
5. Agent produces and issues to designated Claimants a completed Pre-NOD Notice, Option and Waiver Form (the "Pre-NOD") with respect to claims satisfying the criteria set out in Paragraph 4 hereof in the amount of the lesser of the amount reflected in the books and records of TNE (as adjusted net of setoffs) or the amount set forth in the POC, offering to resolve the claim in the manner set forth in the Pre-NOD. If a signed Pre-NOD is received, Agent takes necessary steps to issue payment in the amount of the Pre-NOD.
6. If the claimant does not accept the Pre-NOD, and in the case of all POC's for which a pre-NOD is not issued, Agent meets with TAHMO to determine level of research needed to produce a NOD. TAHMO does further research on the documentation in POC, determines the recommended resolution and produces "Research Results", consisting of:
 - a) Resolution list;
 - b) Updated Class II SOA (if claimant is a medical provider), and/or recommended POC payment report, and
 - c) Schedule of all offsets applicable to Claimant.
7. In determining the recommended disposition of Claims throughout the process outlined herein, Claims shall be evaluated and resolved in accordance with the governing contractual agreements in effect between TNE and the respective Claimants, applied as consistently as possible with TNE's previously documented claims processing procedures and practices, and in accordance with the applicable provisions of New Hampshire R.S.A. 402-C.

8. Agent reviews the Research Results. If Research Results are not complete and/or require further explanation, they are reviewed with TAHMO. If Agent does not agree with TAHMO recommendations, notice is sent to TAHMO about open items. TAHMO shall have a reasonable time in which to respond to the Agent's notice and to meet with the Agent to discuss the open items. Where reasonably possible, TAHMO and the Agent contemplate meeting to review the information within 10 business days of TAHMO's receipt of the Agent's notice. If meeting does not result in resolution of all outstanding issues, TAHMO may, within 10 days, appeal to the Liquidator for final review and decision on the remaining open items. If no such request is made, the NOD Package is issued in the amount determined by the Agent.
9. If a Claimant objects to the NOD and provides additional information in support of the Claim, and such additional documentation or analysis provided by the Claimant appears in the judgment of the Agent to support some portion of amount of the claim which is disputed by the Liquidator (and the provision of such information is consistent with the standards of the Agreement relating to allowing a Claimant to submit an Amended Claim), the Agent forwards such documentation or analysis to TAHMO for Reconsideration.
10. TAHMO reviews the disputed claim documentation; determines the recommended disposition and prepares "Reconsideration Results" which consist of:
 - a. Recommended Disposition of Disputed Claims List;
 - b. Updated Class II SOA (if claimant is a medical provider), and/or Recommended POC Payment Report, and
 - c. Updated Schedule of offsets related to Claimant.
11. Agent reviews the Reconsideration Results. If Reconsideration Results are not complete and/or require further explanation, they are reviewed with TAHMO. If Agent does not agree with TAHMO recommendations, notice is sent to TAHMO about the open items. TAHMO and the Agent will exercise their reasonable best efforts to discuss the open items within 10 business days of TAHMO's receipt of the notice. If a meeting or discussions do not result in resolution of all outstanding issues, TAHMO may, within 10 days of being advised by the Agent that such disagreement exists, appeal to the Liquidator for final review and decision on the remaining open items. If no such request is made, Agent notifies the Claimant of the amount in which it recommends that the disputed NOD be settled.
12. If Agent agrees with TAHMO recommendations, or when Reconsideration Results are otherwise resolved to the Liquidator's satisfaction, the Agent shall notify the Claimant of the amount in which it recommends that the disputed NOD be settled.
13. If the claim is not compromised by the Claimant, it shall be adjudicated as contemplated by RSA 402-C:41 and RSA 402-C:45, and the Liquidator shall request that a hearing be scheduled on the Claimant's objection to the NOD.
14. In any event, THP shall have the right to be heard in the Liquidation Court in connection with any claim settlement or claim adjudication.

Date:

Pre-NOD Notice

TO THE CLAIMANT:

The amount set forth above represents the amount of your claim against Tufts Health Plan of New England, Inc. ("TNE"), based upon either TNE's books and records or the amount listed on your Proof of Claim. You have the option, should you choose to exercise it, of accepting the amount shown hereon as the total amount of your allowable claim in the TNE liquidation proceeding.

Please understand that by exercising this option, you agree to waive:

- (1) any and all rights you may have to amend or request to amend any and all proofs of claims previously filed in the TNE liquidation proceeding;
- (2) any and all rights you may have to supplement information not previously submitted in the liquidation proceeding in support of all previously filed proofs of claim;
- (3) any and all rights to receive a Notice of Determination; and
- (4) any and all rights to further contest, dispute or appeal the allowance of your claim in any amount greater than that set forth above.

Exercising this option will entitle your claim to be allowed in the amount stated above, and treated as an allowed claim with the priority afforded it under New Hampshire RSA 402-C:44, and shall further entitle you to receive payment of the full amount stated above, which payment shall be issued within _____ days of the date that your signed and duly authorized acceptance of this option is received.

You may have previously received a Statement of Account or other statements reflecting the total value of your claim reflected on TNE's books and records. In some cases, TNE's records may be at variance with the amount reflected in your POC. You may wish to carefully review the information included in your SOA in order to evaluate this pre-NOD option. Should you not elect to exercise this option within the time provided herein, you will not receive any payment on your claim, to the extent that your claim is allowed, until after it is adjudicated in accordance with the applicable laws, rules and procedures governing the liquidation proceeding. **If you should choose to exercise this option, your exercise is irrevocable. You may wish to consult with an attorney prior to making any decision to exercise it.**

To exercise this option, you must complete the form below and return it **so that it is received not later than 21 days after the date hereof**, to:

Tufts Health Care of New England, Inc. in Liquidation
P.O. Box 9224
Chelsea, MA 02150-9224

If you have any questions concerning this option, please contact the person named above at (telephone number).

**Claimant's Acceptance of Amount
and Waiver of Rights**

[**Name of Creditor**], the holder of a claim against Tufts Health Care of New England, Inc. ("TNE") hereby agrees to accept the option for payment described above, and consent to the allowance of the undersigned's claim against TNE in the amount of \$_____ in full and final satisfaction of any and all claims held by the undersigned against TNE and any proof of claim filed against TNE in this proceeding, whether or not previously filed, and hereby waive any and all rights to further amend or supplement any claim against TNE, and to contest, dispute or appeal the allowance of any and all of the undersigned's claims against TNE in the amount set forth above.

Dated this _____ day of _____, 200__.

Witness

NAME OF CREDITOR

(Signature)*

Print Name:

Indicate Title if any:

Address:

Telephone Number:

EXHIBIT C

PERFORMANCE STANDARDS AND CRITERIA

1. TAHMO shall process TNE claims as outlined in the Administrative Services Agreement.
2. TAHMO shall dedicate not less than one FTE to work with the Liquidator and her agents to research, resolve and report TNE member and provider complaints/inquiries within 10 workdays of receipt of complaint.
3. TAHMO shall identify to Liquidator and her agents members of a special medical claims unit dedicated to support and assist the TNE POC process to be staffed to meet the minimum performance standards as outlined. TAHMO will also identify resources to support and assist the TNE POC process for other claimant categories.
4. TAHMO shall staff a Call Center for responding to POC related inquiries during normal business hours of 8:30 am to 5 pm, Monday through Friday, and shall respond to calls in accordance with the minimum performance standards as outlined.
5. TAHMO shall dedicate personnel as needed to research and respond to issues related to settlement of contract year 1999 Provider Risk Sharing Contracts. Requested information shall be delivered within 5 business days unless other arrangements are made. Such personnel shall be available within 5 business days of when requested to meet with providers relative to this process.
6. TAHMO shall provide any reasonably available requested information, which the Liquidator believes, will facilitate the POC process within ten business days of the request. These requests may include but will not be limited to information regarding the legitimacy of POC claims, member eligibility, group effective dates, types of coverage and premium billing matters, group contracts and application of underwriting protocols, agent/broker commission arrangements and agent bonus calculations or any potential offsets.
7. TAHMO shall support activities related to the settlement of POCs in accordance with the performance standards as outlined. TAHMO will inform Agents of the Liquidator if performance is falling short of these standards.

Performance Standards

TAHMO shall respond to calls received via the POC 800 number in the following manner:

Answer all calls within an average of two minutes.

Maintain a Caller Abandonment Rate of 10% or less. Refer calls requiring specific POC Unit involvement within 4 hours of receipt.

Utilize Liquidator-prepared/approved scripted material to answer frequently asked questions.

TAHMO shall issue checks as requested by the Liquidator. Check requests submitted by the Liquidator will be processed weekly. All check requests submitted by 4:00 PM Thursday will be processed by the end of the following week.

TAHMO shall continue to maintain the general ledger and other related accounting and financial reporting systems for TNE. TAHMO will generate draft monthly financial statements, prepared on a liquidation basis, for the Liquidators review and approval within 30 days of the end of the current month.

EXHIBIT D
ADMINISTRATION COST BUDGET

Tufts of New England in Liquidation
Projected Estimated Administrative Expenses
December 20, 1999 through September 30, 2001
As of September 30, 2000 With Settlement

SETTLEMENT PROJECTION

<u>EXPENSES</u>			Oct-00	Nov-00	Dec-00	Jan-01	Feb-01
Administrative Services (Cash Paid to TAHMO)			\$ -	\$ -	\$ -	\$ -	\$ -
Proof of Claim staff (Temporary Staff)			32,000	44,000	45,000	45,000	45,000
Consultants			-	-	0	0	0
Rent, Moving, Storage, Utilities			500	500	500	500	500
The PACE Group			180,000	160,000	226,310	173,645	123,645
Legal Fees			57,500	57,500	102,500	72,500	62,500
Mailings/Public Notices			-	14,000	-	5,000	5,000
MISC: Rehab Expenses; NHID & Contractor and Other			5,200	5,200	1,500	1,500	1,500
Total			\$ 275,200	\$ 281,200	\$ 375,810	\$298,145	\$ 238,145

Tufts of New England in Liquidation
Projected Estimated Administrative Expenses
December 20, 1999 through September 30, 2001
As of September 30, 2000 With Settlement

SETTLEMENT PROJECTION

EXPENSES

Administrative Services (Cash Paid to TAHMO)

Proof of Claim staff (Temporary Staff)

Consultants

Rent, Moving, Storage, Utilities

The PACE Group

Legal Fees

Mailings/Public Notices

MISC: Rehab Expenses; NHID & Contractor and Other

Total

Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
36,000	45,000	45,000	22,000	15,000	5,000	0	\$ 379,000
0	0	0	0	0	0	0	\$ -
500	500	500	500	500	500	23,400	\$ 28,900
92,219	97,000	95,000	95,000	60,000	60,000	50,000	\$ 1,412,819
62,500	35,000	35,000	35,000	35,000	35,000	35,000	\$ 625,000
5,000	10,000	10,000	5,000	5,000	5,000	-	\$ 64,000
1,500	1,500	1,500	1,500	1,500	1,500	1,500	\$ 25,400
\$ 197,719	\$ 189,000	\$187,000	\$159,000	\$117,000	\$107,000	\$109,900	\$ 2,535,119

EXHIBIT E

REQUIRED REPORTS

TAHMO shall continue to provide all reports currently being provided and as are required under the Administrative Services Agreement.

TAHMO shall provide other such reports that the Liquidator or her agents may reasonably request on an ad hoc basis that are not specifically stated herein.

TAHMO shall provide the following production, statistical and inventory reporting to support the POC process:

For each POC meeting Pre-NOD criteria: completed worksheet including schedule of offsets and updated Class II SOA

For each POC not meeting Pre-NOD criteria, some or all of the following reports may be required as determined jointly by TAHMO and Agents:

Resolution list

Updated Class II SOA and/or recommended POC payment report

Schedule of offsets

For each disputed claim (following issuance of Pre-NOD):

Recommended disposition of disputed claims list

Updated Class II SOA and/or recommended POC payment report
Updated schedule of offsets

POC Production Reports

Number of POCs researched/adjudicated and number of claims attached to those POCs researched/adjudicated (produced weekly for prior week's production)

Number of POCs outstanding (weekly)

List of claims under appeal with Liquidator/designee (weekly)

Other reports

Call center activity reports (weekly)

Member complaint log w/pertinent info re: nature/date of complaint, resolution and date (weekly)

Status of investigation re: provider inquiries on risk settlements status reports (bi-monthly)

Final NOD payables report (weekly)

G/L supporting accrued expense analysis (monthly)

EXHIBIT F
THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS

SUPERIOR COURT

99-E-0410

**IN THE MATTER OF THE LIQUIDATION OF
TUFTS HEALTH PLAN OF NEW ENGLAND, INC.**

PLAN OF LIQUIDATION

Paula T. Rogers, Commissioner of Insurance of the State of New Hampshire, in her capacity as the duly appointed Liquidator (the “Liquidator”) of Tufts Health Plan of New England, Inc. (“TNE”), submits her Plan of Liquidation (the “Plan of Liquidation”).

Section 1 – Definitions

1.1. “Administration Costs” means the costs and expenses incurred as a result of the Rehabilitation and Liquidation of TNE and allowable under New Hampshire R.S.A. 402-C:44 (I).

1.2. “Administrative Services Agreement” or “ASA” mean that certain agreement entered into by and between the Liquidator and TAHMO dated as of December 20, 1999, providing for the rendering of administrative services by TAHMO on behalf of the estate of TNE in Liquidation.

1.3. “Allowed Claim” shall mean a Claim against TNE (a) which is recommended for payment by the Liquidator, and as to which no further approval in the Liquidation Proceeding is required prior to payment of the Claim, or (b) the nature, amount, enforceability and validity of which is determined or resolved pursuant to either (i) an agreement in accordance with applicable law between the Liquidator and the holder of such Claim and as to which no party in interest has interposed a timely objection, or (ii) the entry of a judgment, order or decree of the Liquidation Court which has become a Final Order. “Allowed Special Deposit Claim” shall mean an Allowed Claim that is benefited by the Rhode Island Special Deposits.

1.4. “Amended Claim” shall have the meaning set forth in Section 3.3(A) of the Funding and Settlement Agreement.

1.5. “Ancillary Receiver” means Marilyn Shannon McConaghy, Director of the Department of Business Regulation of the State of Rhode Island, as Successor Ancillary Receiver in the Ancillary Liquidation Proceeding against TNE pending in the Superior Court of Providence County, Rhode Island (M.P. No. 99-6627) (the “Ancillary Liquidation Proceeding”), and her successors, if any.

1.6. “Approval Order” means the order entered by the Liquidation Court approving the Plan of Liquidation and the Funding and Settlement Agreement.

1.7. “Claim” means any assertion of a right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; and any right to an equitable remedy for breach of performance, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

1.8. “Classes One through Five” means all Allowed Claims against TNE having the priority of distribution of the assets of the TNE’s estate, as set forth in New Hampshire R.S.A. 402-C:44-I-V, as amended. A Class Five Claim shall therefore mean a claim entitled to the priority set forth in R.S.A. 402-C:44, V.

1.9. “Conclusion of Services” means a date to be mutually agreed upon by the Liquidator and THP as the date on which substantially all Claims against TNE or its estate have been allowed or disallowed, and on which payment of all Allowed Claims has either been made or adequately reserved for, and the Proof of Claim process shall have been materially resolved and completed, and on which it is reasonable to conclude THP’s rendering of administrative services.

1.10. “Deposit” means the amount of \$3,500,000 to be deposited with a financial institution domiciled and located in the State of New Hampshire, as provided for in Section 2.1 of the Funding and Settlement Agreement.

1.11. “Effective Date” means the date on which the Approval Order becomes a Final Order.

1.12. “Final Order” means an order, judgment or decree of the Liquidation Court (or such other court of competent jurisdiction as to which the Liquidation Court has specifically permitted to proceed to enter such order) as to which any appeal that has been or may be taken has been finally resolved and as to which the time for further appeal has expired.

1.13. “Funding and Settlement Agreement” shall mean that certain Funding and Settlement Agreement dated as of November 14, 2000, by and between the Liquidator and THP attached hereto as Exhibit 1.

1.14. “Liquidation Court” shall mean the Superior Court for Merrimack County, New Hampshire.

1.15. “Liquidation Order” means the Order issued by the Liquidation Court dated January 3, 2000 in the matter entitled In the Matter of Tufts Health Plan of New England, Inc., Docket No. 99-E-410, directing that TNE be placed in Liquidation pursuant to the provisions of New Hampshire R.S.A. 402-C.

1.16. “Marshaled Assets” includes all cash, securities, real property, personal property (whether tangible or intangible), claims, choses in action, and any other asset of TNE, now existing or hereafter arising.

1.17. “Proof of Claim” and “Proof of Claim Process” mean, respectively, the form of Claim or Claims filed by members, creditors and others purporting to have Claims against and from the estate of TNE pursuant to New Hampshire R.S.A. 402-C:37-38, and the process and procedure by which such Proofs of Claim are received, reviewed, considered, adjudicated, disputed, resolved and approved, consistent with this Plan and the Funding and Settlement Agreement.

1.18. “Rehabilitation Order” means the Order issued by the Merrimack County Superior Court dated November 22, 1999 in the matter entitled In the Matter of Tufts Health Plan of New England, Inc., Docket No. 99-E-410, directing that TNE be placed in Rehabilitation pursuant to the provisions of New Hampshire R.S.A. 402-C.

1.19. “Rhode Island Special Deposits” means certain cash deposits made by TNE or THP, as the case may be, in connection with TNE’s operations in the State of Rhode Island, in the original amounts of \$1,280,000, \$150,000 and \$100,000, held in a special, restricted account in the State of Rhode Island by the Ancillary Receiver.

1.20 “TAHMO” shall mean Tufts Associated Health Maintenance Organization, Inc. “THP” shall mean Tufts Associated Health Plan, Inc., TAHMO, TAHMO Holdings, Inc., Tufts Benefit Administrators, Inc. and Total Health Plan, Inc., jointly and severally.

1.21 “THP Allowed Claims” means the Class One Claim of THP allowed in the amount of \$4,138,358 (as incurred from the date of the Rehabilitation Order, plus the amount to be accrued from June 30, 2000 through the Conclusion of Services under the Administrative Services Agreement, including the amount accrued for services rendered in the Proof of Claim Process), and the Class Five Claims of the THP affiliates allowed in the amount of \$6,440,972, each as administered under the Funding and Settlement Agreement.

1.22 “THP Guaranty” shall mean the guaranty by THP of payment in full of all Allowed Claims in Classes One through Five, pursuant to the terms of the Funding and Settlement Agreement.

Section 2 – Classification of and Priority of Distribution on Claims

2.1. **Classification of Claims.** All Claims against TNE shall be classified in accordance with the categories set forth in RSA 402-C, including but not limited to RSA 402-C:44.

2.2. **Distributions on Claims.** Distributions on Allowed Claims shall have the priority to which such distributions are entitled under RSA 402-C:44. The Liquidator shall continue to pay Administration Costs in the ordinary course of her administration of this estate. Upon the Effective Date, the Liquidator shall have the authority to pay distributions on all

Allowed Claims in Classes One through Five, in the order and priority set forth in RSA 402-C:44 (and, with respect to Allowed Special Deposit Claims, subject to Section 2.3 of the Plan), as adjudicated consistently with the Funding and Settlement Agreement and the Plan. Interest shall not accrue on any Allowed Claim.

2.3. Rhode Island Special Deposits.

(A) As soon as practicable and upon such terms as the Ancillary Receiver and the Liquidator shall agree, and subject to such court approval as the Ancillary Receiver must obtain, the Liquidator shall commence payment of all Allowed Special Deposit Claims held by the beneficiaries of the Rhode Island Special Deposits. Payments on such Allowed Claims may be made either from the proceeds of the Rhode Island Special Deposits or, at the Liquidator's option and as a matter of administrative convenience, from general funds of TNE's estate. In addition, as a matter of administrative convenience and in respect of comity between the applicable laws of the States of New Hampshire and Rhode Island, the Liquidator shall be authorized to pay each Allowed Special Deposit Claim in full, including that portion that would otherwise be deductible under RSA 402-C:44 (the "\$50 Deductible"), in order to avoid incurring the additional Administration Costs that would otherwise arise if the holders of Allowed Special Deposit Claim were required to assert their claims for the \$50 Deductible separately against the Ancillary Receiver. Nothing in this Section 2.3 shall be deemed to waive the \$50 Deductible with respect to any Claim other than an Allowed Special Deposit Claim.

(B) If and to the extent that the Liquidator elects to pay any such Allowed Special Deposit Claims from general funds of the estate, the Ancillary Receiver shall reimburse the Liquidator from the proceeds of the Rhode Island Special Deposits, by wire transfer, within three business days from the date that the Liquidator provides written notice to the Ancillary Receiver or her agents that such Allowed Special Deposit Claims have been paid from general estate funds. The amount of each such reimbursement shall be equal to the amount of the Allowed Special Deposit Claims so paid, plus the amount designated by the Liquidator and acceptable to the Ancillary Receiver as representing the reasonable Administration Costs allocable to the Allowed Special Deposit Claims so paid. If and to the extent that the Liquidator elects to pay any Allowed Special Deposit Claims directly from the proceeds of the Rhode Island Special Deposits, the Liquidator shall submit a schedule or schedules of Allowed Special Deposit Claims to the Ancillary Receiver, who shall wire transfer to the Liquidator an amount of Rhode Island Special Deposit proceeds sufficient to pay (i) all Allowed Special Deposit Claims in the amount indicated on the respective schedule or schedules, plus (ii) an amount designated by the Liquidator and acceptable to the Ancillary Receiver as representing the reasonable Administration Costs allocable to the Allowed Special Deposit Claims so scheduled. Upon receipt of such transfers, the Liquidator shall cause the payment of the Allowed Special Deposit Claims from the Rhode Island Special Deposit proceeds so received.

(C) Upon the payment of all Allowed Special Deposit Claims and all associated Administration Costs (including Administration Costs incurred in the Ancillary Liquidation Proceeding) and upon authorization by the Rhode Island court in the Ancillary Proceeding, the Ancillary Receiver shall wire transfer to the Liquidator any and all remaining proceeds of the Rhode Island Special Deposits (including interest accrued thereon) for the benefit of TNE's estate, to be distributed in accordance with the terms of the Plan of Liquidation.

Section 3 – Funding and Settlement Agreement

3.1. The Liquidator and THP have entered into the Funding and Settlement Agreement, which provides, among other things, for the administration and adjudication of Claims against TNE; the contribution by THP of certain funds to TNE's estate to pay Allowed Claims; THP's guaranty of payment of all Allowed Claims in Classes One through Five; and the compromise of claims by and between THP, the Liquidator and Bath Iron Works Corporation ("BIW"). The Funding and Settlement Agreement is an integral component of the Plan of Liquidation, and is incorporated into the Plan of Liquidation by reference.

Section 4 – General Provisions

4.1 **Standing to Object to Allowance of Claims.** All holders of Claims shall have standing to object to the Liquidator's allowance or disallowance of their respective Claims, in accordance with RSA 402-C. In accordance with the terms and conditions of the Funding and Settlement Agreement, and in respect of the THP Guaranty, THP shall have standing to contest the allowance by the Liquidator of Claims allowed by the Liquidator and not agreed to by THP in the course of the Proof of Claim Process, as set forth in Section 3.3 of the Funding and Settlement Agreement.

4.2. **Review of Administration Costs.** In respect of its guaranty of payment of all Allowed Claims in Classes One through Five, the Liquidator has submitted to THP a budget of projected future administration costs to THP, in accordance with Section 3.3(G) of the Funding and Settlement Agreement which provides for a means by which the Liquidator and THP shall attempt to resolve any disputes which may arise in respect to the budget. Nothing in this Section 4.2 shall abrogate the rights of other holders of Claims from asserting any objections they may have to the allowance or payment of Administration Costs by the Liquidator in accordance with the provisions of RSA 402-C.

4.3. **Payment of THP Allowed Claim.** Upon the Conclusion of Services (as defined in the Funding and Settlement Agreement) and the payment of all Allowed Claims in Classes One through Five (other than any of the THP Allowed Claim), the Liquidator shall transfer any residual funds of TNE's estate (less any reserves that the Liquidator shall request for payment of Administration Costs to be incurred in winding up and closing this estate) to THP in respect of the THP Allowed Claim. Such transfer shall occur by wire transfer. Any reserves established hereunder that are not used to pay Allowed Claims or Administration Costs will be distributed to THP in respect to the THP Allowed Claims upon the closing of TNE's estate.

4.4. **Further Reporting.** The Liquidator shall report to the Liquidation Court at such time as the Conclusion of Services (as defined in the Settlement Agreement) shall occur. Such report shall be in the form of, or shall be annexed to, a pleading to be submitted to the Court, and as otherwise required by RSA 402-C. The Liquidator shall also provide to THP, in respect of the THP Guaranty, reports concerning the allowance and payment of Allowed Claims, in such form as required under Section 4.1 of the Funding and Settlement Agreement.

4.5 **Injunctive Provisions.**

(A) All persons and entities holding Claims against TNE shall be permanently enjoined and prohibited from recovering or attempting to recover any money or property in which TNE or its estate has an interest, other than under the terms of the Plan, or without first obtaining a Final Order from the Liquidation Court with respect to the assertion of such Claim.

(B) Other than with respect to any Claim based upon an express guaranty by THP in an agreement made with any other person, all persons holding Claims against TNE shall be permanently enjoined and prohibited from asserting any such Claims against THP or any defendants in the Liquidator's Action, and from attempting to recover any money or property from THP or any defendants in the Liquidator's Action in respect of such Claims.

4.6 **Retention and Disposal of TNE Records.** The records of and relating to TNE shall be retained and disposed of in accordance with Section 2.6 of the Funding and Settlement Agreement.

4.7 **Retention of Powers of Liquidator.** The Liquidator reserves and retains all of her rights and powers under RSA 402-C and other applicable law in connection with her administration of the Liquidation Proceeding.

4.8. **Retention of Jurisdiction.** The Court shall retain exclusive jurisdiction to enforce the provisions of this Order, the Plan of Liquidation, the Deposit, and all of the agreements attendant thereto or incorporated therein by reference (including without limitation the THP Guaranty), and to insure that the intent and purposes of the Plan of Liquidation are carried out and given effect. Without limiting the generality of the foregoing, the Court shall retain exclusive jurisdiction for the following purposes:

(A) To consider any modification or amendment to the Plan of Liquidation (including any of the agreements contemplated by, incorporated into, or attendant to this Plan of Liquidation); and

(B) To hear and determine:

- i. All controversies, suits and disputes, if any, as may arise in connection with the Proof of Claim Process or under any of the agreements contemplated by, incorporated into, or attendant to the Plan of Liquidation, until entry of an Order terminating this Liquidation Proceeding;
- ii. All controversies, suits and disputes, if any, as may arise in connection with the interpretation or enforcement of the Plan of Liquidation, the Funding and Settlement Agreement (including without limitation the THP Guaranty and the Deposit), the Settlement Agreement and Release between the Liquidator and Bath Iron Works Corporation, or this Order; and,

- iii. All proceedings to enforce performance of the Plan of Liquidation and this Order against any person, including without limitation, proceedings seeking injunctive relief in aid of compliance with this Order, the Plan of Liquidation and any of the agreements contemplated by, incorporated into, or attendant to the Plan of Liquidation.

Dated: November ____, 2000

Respectfully submitted,

PAULA T. ROGERS,
COMMISSIONER OF INSURANCE OF THE
STATE OF NEW HAMPSHIRE,
AS LIQUIDATOR OF TUFTS HEALTH
PLAN OF NEW ENGLAND, INC.

By her attorneys,

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EXHIBIT G
ORDER APPROVING PLAN

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS

SUPERIOR COURT

99-E-0410

IN THE MATTER OF THE LIQUIDATION OF
TUFTS HEALTH PLAN OF NEW ENGLAND, INC.

**ORDER APPROVING PLAN OF LIQUIDATION, FUNDING AND SETTLEMENT
AGREEMENT, AND RELATED AGREEMENTS AND DOCUMENTS**

On the Court's consideration of the Motion of Paula T. Rogers, Commissioner of Insurance, as Liquidator of Tufts Health Plan of New England, Inc. ("TNE"), for approval of a Plan of Liquidation (the "Plan of Liquidation"), Funding and Settlement Agreement and all documents and agreements submitted in relation thereto, and after hearing, it is hereby ORDERED, ADJUDGED and DECREED:

1. Based upon the Affidavit presented with the Liquidator's Motion for Approval of the Plan of Liquidation, the Court finds that:

A. TNE is a for-profit corporation organized and existing under the laws of the State of New Hampshire, and is licensed as a health maintenance organization under the laws of New Hampshire.

B. TNE was placed in liquidation pursuant to an Order of this Court dated January 3, 2000, when this Court entered the Order of Liquidation because TNE was unable to continue as a viable business enterprise or health maintenance organization.

C. Thereafter, the Liquidator undertook actions to marshal and recover all of the assets or potential assets of the estate of TNE, including without limitation potential claims against TNE's parent and affiliated corporations, including Tufts Associated Health Plan, Inc.,

Tufts Associated Health Maintenance Organization, Inc., TAHMO Holdings, Inc., certain individual directors and officers of TNE and its parent and affiliated corporations, and others.

D. To that end, on or about March 31, 2000, the Liquidator commenced a civil action in this Court entitled Paula T. Rogers, as Liquidator vs. Tufts Health Plan of New England, Inc., Tufts Associated Health Plan, Inc., Tufts Associated Health Maintenance Organization, Inc., and others, Docket No. 00-C-170 (“the Liquidator’s Action”), on behalf of creditors, policyholders and others, alleging in substance that Tufts Associated Health Plan, Inc., Tufts Associated Health Maintenance Organization, Inc., and other related and affiliated companies and individuals were and are legally and properly responsible for the obligations of TNE .

E. Rather than engage in a course of protracted and expensive litigation over the various issues posed by the Liquidator’s Action and other actions which the Liquidator might have asserted against the defendants in the Liquidator’s Action, the Liquidator and Tufts Associated Health Plan, Inc., Tufts Associated Health Maintenance Organization, Inc., and other related and affiliated companies (hereinafter, “THP”) entered into a Funding and Settlement Agreement dated November 14, 2000 (“the Funding and Settlement Agreement”), which, in relevant part, provides for the Plan of Liquidation which is annexed to this Order. The Funding and Settlement Agreement avoids the need for the Liquidator to engage in a course of protracted and expensive litigation with THP, which would itself result in substantial additional administration costs being incurred by the estate of TNE, with no assurances of the timing or results given the uncertainties of litigation.

2. Based upon the foregoing, the Plan of Liquidation, the materials submitted in connection with the Plan Approval Motion (including but not limited to the affidavit of the Liquidator), the Funding and Settlement Agreement between the Liquidator and THP, and

Exhibit A thereto (the Settlement Agreement and Releases between the Liquidator and Bath Iron Works Corporation), and having considered the arguments of counsel and the evidence presented, the Court concludes that:

A. The Plan of Liquidation, incorporating and implementing the terms of the Funding and Settlement Agreement , including without limitation, the resolution of the Liquidator's Action and all other claims which the Liquidator might have asserted against THP, with prejudice, in accordance with the terms and conditions of the Settlement Agreement and the Releases between and among the Liquidator, THP and Bath Iron Works Corporation is in the best interest of the members, providers, creditors and other claimants of TNE.

B. The Funding and Settlement Agreement and the Plan of Liquidation avoid the prospect and uncertainty of litigation, and provide for effective, expeditious treatment and payment of the claims made by members, providers, creditors and other claimants of TNE in Classes One through Five, as set forth in R.S.A. 402-C:44 (I)-(V), which sets forth the statutory priority of distribution of claims allowed against the estate of TNE. Accordingly, the Funding and Settlement Agreement and the Plan of Liquidation are in the best interests of the members, providers, creditors and other claimants of TNE.

C. The Liquidator has provided full and adequate notice of the actions she has taken in this Liquidation Proceeding. The July 10, 2000 bar date for the filing of Proofs of Claims against TNE was reasonable and established in conformity with applicable statutory requirements. Adequate notice of the hearing on approval of the Plan of Liquidation and the Funding and Settlement Agreement was also provided to all known holders of Claims against TNE. In addition, the provision in the Funding and Settlement of Agreement that any Claim evidenced by a Proof of Claim first filed more than thirty days after the Effective Date

thereunder shall be deemed time barred and shall not participate in any dividends or distributions under the Plan of Liquidation is reasonable and is consistent with the purposes of RSA 402-C and the Liquidator's need to efficiently administer TNE's estate. Such action avoids prejudice to the interests of TNE's members, creditors, subscribers and policyholders who have timely filed claims and it allows creditors to reap the benefits of the Funding and Settlement Agreement.

D. The Plan of Liquidation is fair and equitable, and does not discriminate unfairly among the holders of Claims against TNE.

3. The Funding and Settlement Agreement and the Plan of Liquidation, including all agreements and documents submitted in connection therewith, are therefore hereby APPROVED. The parties to the Funding and Settlement Agreement and its exhibits shall fully comply with the terms and conditions thereof and their respective obligations thereunder. The Liquidator is hereby authorized to implement the Plan of Liquidation, including the execution of all documents necessary and attendant thereto, and the taking of all actions contemplated therein, without limitation. The THP Claims are Allowed Claims to be treated as contemplated by the Funding and Settlement Agreement (see Section 3.3 (F) of the Funding and Settlement Agreement). BIW's Claim is hereby allowed in the amount of \$14,337,135.75, against which the Liquidator is hereby authorized to set off the amount of \$337,135.75 in premium Claims, resulting in a net Allowed Claim of \$14,000,000, payable as an Allowed Class 2 Claim under the Plan of Liquidation. Unless otherwise defined in this Order, all capitalized terms in this Order shall have the meaning ascribed to them in the Plan of Liquidation and the Funding and Settlement Agreement.

4. The Liquidator shall pay and continue to pay all Administration Costs and other obligations of the estate of TNE in accordance with RSA 402-C:44, the Plan and the Funding

and Settlement Agreement. Pursuant to the provisions of Section 3.3(C) of the Funding and Settlement Agreement and Exhibit B thereto, the written acceptance by a claimant of a compromise amount (the Pre-NOD Notice Procedure) prior to the issuance to the claimant of a Notice of Determination shall be deemed to be a recommendation by the Liquidator of an Allowed Claim in such compromise amount and such Allowed Claim may be paid by the Liquidator. The Liquidator shall include in her periodic reports to the Court a list or print-out of (i) the names and addresses of each claimant who has accepted such compromise amount and (ii) the compromise amount accepted by such claimant.

5. In accordance with the terms and conditions of Section 2.5 of the Funding and Settlement Agreement, THP shall have standing to contest the allowance by the Liquidator of Claims allowed by the Liquidator and not agreed to by THP in the course of the Proof of Claim Process, as set forth in Section 3.3 of the Funding and Settlement Agreement.

6. The Liquidator is authorized to convey to TAHMO Holdings, Inc. one hundred percent of TNE's interest in Tufts Insurance Company, Inc. ("TICO"), pursuant to the terms of Section 2.2(B) of the Funding and Settlement Agreement. To the fullest extent allowed by law, such transfer shall be free and clear of all Claims of TNE creditors, and such creditors are hereby permanently enjoined from asserting any such Claims against TICO or THP.

7. Upon the Conclusion of Services, the Liquidator shall wire transfer the funds remaining in the TNE accounts to THP in respect of the THP Allowed Claims, less any reserves that shall be established upon petition to this Court for the winding up and closing of this estate. Any remaining portion of the reserves so established not used to pay Allowed Claims or Administration Costs upon the closing of this estate shall be wire transferred to THP in respect of

the THP Allowed Claims, to the extent that they remain unpaid, upon the entry of a Final Order discharging the Liquidator and closing this estate.

8. The Liquidator shall report to the Court at such time as the Conclusion of Services (as defined in the Funding and Settlement Agreement) shall occur. Such report shall be in the form of, or shall be annexed to, a pleading to be submitted to the Court.

9. A. All persons are hereby permanently enjoined and prohibited from recovering or attempting to recover any money or property in which TNE or its estate has or had any claim or interest other than under the terms of the Plan

B. Other than with respect to any Claim based upon an express guaranty by THP or any of the persons released by the Liquidator in connection with the Liquidator's Action in an agreement with any other person or entity, all persons are hereby permanently enjoined and prohibited from asserting any claims against THP or any persons released by the Liquidator in connection with the Liquidator's Action, and from attempting to recover any money or property from THP or any persons released by the Liquidator in connection with the Liquidator's Action in respect of such claims.

10. The Court shall retain exclusive jurisdiction to enforce the provisions of this Order and the Plan of Liquidation, and all of the agreements attendant thereto or incorporated therein by reference, and to insure that the intent and purposes of the Plan of Liquidation are carried out and given effect. Without limiting the generality of the foregoing, the Court shall retain exclusive jurisdiction for the following purposes:

A. To consider any modification or amendment to the Plan of Liquidation (including any of the agreements contemplated by, incorporated into, or attendant to the Plan of Liquidation) ; and

B. To hear and determine:

- i. All controversies, suits and disputes, if any, as may arise in connection with the Proof of Claim Process or under any of the agreements contemplated by, incorporated into, or attendant to the Plan of Liquidation, until entry of an Order terminating this Liquidation Proceeding;
- ii. All controversies, suits and disputes, if any, as may arise in connection with the interpretation or enforcement of the Plan of Liquidation, the Funding and Settlement Agreement (including the THP Guaranty), the Deposit, the Settlement Agreement and Release between the Liquidator and Bath Iron Works Corporation, or this Order; and,
- iii. All proceedings to enforce performance of the Plan of Liquidation and this Order against any person, including without limitation, proceedings seeking injunctive relief in aid of compliance with this Order, the Plan of Liquidation and any of the agreements contemplated by, incorporated into, or attendant to the Plan of Liquidation.

11. Any Claim evidenced by a Proof of Claim first filed against TNE more than thirty days after the Effective Date of the Plan of Liquidation is hereby deemed to be prejudicial to the orderly and efficient administration of TNE's estate and to the interests of holders of Claims against TNE timely filed or amended in accordance with the Plan of Liquidation and the Funding and Settlement Agreement, and the Court shall disallow any such Claim upon notice thereof.

12. This order constitutes a final decision on the merits.

SO ORDERED.

Dated: _____, 2000
